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National Defense Authorization Act,...

**NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 1997—(H.R. 3230)**

AND

**OVERSIGHT OF PREVIOUSLY AUTHORIZED
PROGRAMS**

BEFORE THE

**COMMITTEE ON NATIONAL SECURITY
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS**

SECOND SESSION

**MILITARY PERSONNEL SUBCOMMITTEE HEARINGS
ON**

**TITLE IV—PERSONNEL AUTHORIZATIONS
TITLE V—MILITARY PERSONNEL POLICY
TITLE VI—COMPENSATION AND OTHER
PERSONNEL BENEFITS
TITLE VII—HEALTH CARE PROVISIONS**

HEARINGS HELD

MARCH 7, 12, 15, 21, AND SEPTEMBER 11 AND 24, 1996



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H. R. 3230

To authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 1996

MR. SPENCE (for himself and Mr. DELLUMS) (both by request) introduced the following bill; which was referred to the Committee on National Security

A BILL

To authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Defense Authorization Act for Fiscal Year 1997".

* * * * *

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

SEC. 401. END STRENGTHS FOR ACTIVE FORCES.

The Armed Forces are authorized strengths for active duty personnel as of September 30, 1997, as follows:

- (1) The Army, 495,000.
- (2) The Navy, 406,900.
- (3) The Marine Corps, 174,000.
- (4) The Air Force, 381,100.

SEC. 402. EXCLUDING CERTAIN RESERVE COMPONENT MEMBERS ON ACTIVE DUTY FOR 181 DAYS OR MORE FROM ACTIVE COMPONENT END STRENGTHS.

Section 115(d) of title 10, United States Code, is amended by adding at the end a new paragraph (8) as follows:

"(8) Members of reserve components on active duty to perform special work in support of peacetime requirements of the active components and combatant commands for 181 days or more. The total number of personnel included in this category shall not exceed two-tenths of one percent of the end strengths authorized pursuant to subsection (a)(1)."

Subtitle B—Reserve Forces

SEC. 411. END STRENGTHS FOR SELECTED RESERVE.

(a) IN GENERAL.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1997, as follows:

- (1) The Army Reserve, 214,925.
- (2) The Naval Reserve, 95,941.
- (3) The Marine Corps Reserve, 42,000.
- (4) The Air Force Reserve, 73,281.
- (5) The Army National Guard, 366,758.
- (6) The Air National Guard, 108,018.
- (7) The Coast Guard Reserve, 8,000.

(b) WAIVER AUTHORITY.—The Secretary of Defense may vary the end strength authorized by subsection (a) by not more than 2 percent.

(c) ADJUSTMENTS.—The end strengths prescribed by subsection (a) for the Selected Reserve of any reserve component shall be reduced proportionately by—

- (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at the end of the fiscal year, and
- (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at the end of the fiscal year.

Whenever such units or such individual members are released from active duty during any fiscal year, the end strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be increased proportionately by the total authorized strengths of such units and by the total number of such individual members.

SEC. 412. END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.

Within the end strengths prescribed in section 402(b), the reserve components of the armed forces are authorized, as of September 30, 1997, the following number of Reserves to be serving on full-time active duty or, in the case of members of the National Guard, full-time National Guard duty for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

- (1) The Army Reserve, 11,475.
- (2) The Naval Reserve, 16,506.
- (3) The Marine Corps Reserve, 2,559.
- (4) The Air Force Reserve, 625.
- (5) The Army National Guard, 22,798.
- (6) The Air National Guard, 10,129.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Matters Relating to Reserve Components

SEC. 501. DISCHARGE OR RETIREMENT FOR YEARS OF SERVICE OR AFTER SELECTION FOR EARLY REMOVAL.

(a) IN GENERAL.—The text of section 14514 of title 10, United States Code, is amended to read as follows:

“(a) Each reserve officer of the Army, Navy, Air Force, or Marine Corps who is in an active status and who is required to be removed from an active status or from a reserve active-status list, as the case may be, under section 14507, 14508, 14704, or 14705 of this title (unless the officer is sooner separated, the officer's separation is deferred, or the officer is continued in an active status under another provision of law), in accordance with those sections, shall—

“(1) be transferred to the Retired Reserve, if the officer is qualified and applies for such transfer; or

“(2) if the officer is not qualified or does not apply for such transfer, be discharged from the officer's reserve appointment.

“(b) Each reserve officer of the Army, Navy, Air Force, or Marine Corps who is in an inactive status and who is required to be removed from an inactive status—

“(1) shall be transferred to the Retired Reserve, if the officer is qualified and applies for such transfer; or

“(2) may, if the officer is not qualified or does not apply for such transfer, be discharged from the officer's reserve appointment.”.

(b) CONFORMING AMENDMENT.—Section 12683(b)(1) of such title is amended by inserting “14514,” and “12684.”

SEC. 502. APPOINTMENT ABOVE O-2 IN THE U.S. NAVAL RESERVE.

Section 12205 of title 10, United States Code, is amended by amending subsection (b)(3) to read as follows:

“(3) The appointment in the Naval Reserve of a person appointed for service under either the Naval Aviation Cadet or Seaman to Admiral Program.”.

SEC. 503. TEST PROGRAM ON UNLIMITED USE OF COMMISSARY STORES BY ELIGIBLE RESERVISTS.

(a) The Secretary of Defense shall carry out in one or more areas of the United States a test program under which those Reserve members eligible for commissary use under sections 1063 and 1064 of title 10, United States Code, will be permitted to use commissary stores of the Department of Defense on the same basis as members on active duty. The test program will begin on January 1, 1997, and will be conducted for a period of one year.

(b) The Secretary of Defense shall report the results of the test program to the Congress no later than March 31, 1998, together with such comments and recommendations as he determines appropriate.

SEC. 504. ACTIVE DUTY RETIREMENT SANCTUARY FOR RESERVISTS

Section 12686 of title 10, United States Code, is amended—

(1) by designating the existing matter as paragraph (1); and

(2) by adding at the end the following new paragraph:

“(2) The regulations prescribed under paragraph (1) may except from the prohibition on involuntary release in that paragraph members who serve on active duty (other than for training) under section 12301 of this title pursuant to orders specifying a period of less than 180 days provided that the member is informed of and consents to such exception prior to entry on active duty.”.

SEC. 505. CHANGE IN TIME FOR AWARD OF DEGREE TO BE CONSIDERED TO MEET THE SELECTED RESERVE OFFICER EDUCATION REQUIREMENT.

Section 12205(c)(2)(C) of title 10, United States Code, is amended by striking “three” and inserting in lieu thereof “eight”.

SEC. 506. CLARIFICATION OF LIMITATION ON FURNISHING CLOTHING OR ALLOWANCES FOR ENLISTED NATIONAL GUARD TECHNICIANS.

Subsection 418(c) of title 37, United States Code, is amended by striking at the end of the paragraph “for which a uniform allowance is paid under section 415 or 416 of this title”, and inserting in lieu thereof “for which clothing is furnished or a uniform allowance is paid under this section”.

SEC. 507. USE OF ACTIVE GUARD AND RESERVE PERSONNEL IN COMPOSITE ACTIVE AND RESERVE COMPONENT ACTIVITIES AND IN ACTIVITIES AND FUNCTIONS ASSIGNED TO A RESERVE COMPONENT ORGANIZATION

Section 12310 of title 10, United States Code, is amended by adding at the end the following two new subsections:

“(c) Organizing, administering, recruiting, instructing, or training the reserve components as used in this title and in the authorizations of end strengths required under section 115 of this title, includes—

“(1) the conduct of activities described in sections 3013(b), 5013(b), and 8013(b) of this title in support of any part of a military department when such activities have been assigned by the Secretary concerned, with the consent of the Chief of the National Guard Bureau or the chief of such reserve component, to a reserve component organization for execution; and

“(2) peacetime standby air defense and ballistic missile defense operations within the territory of the United States.

“(d) A reserve on duty under subsection (a) may serve in, and supervise and command any other person serving in a composite organization that conducts activities described in subsection (c) jointly in support of the reserve components and the active components of one or more armed services.”.

Subtitle B—Officer Education Programs

SEC. 510. EXTENSION OF AGE REQUIREMENTS FOR APPOINTMENT AS A CADET OR MIDSHIPMAN IN THE SENIOR RESERVE OFFICERS' TRAINING CORPS AND THE MILITARY DEPARTMENT SERVICE ACADEMIES.

(a) SENIOR RESERVE OFFICERS' TRAINING CORPS.—Section 2107(a) of title 10, United States Code, is amended by striking out “25” and inserting in lieu thereof “27”.

(b) UNITED STATES MILITARY ACADEMY.—Section 4346(a) of title 10, United States Code, is amended by striking out “twenty-second birthday” and inserting in lieu thereof “twenty-third birthday”.

(c) UNITED STATES NAVAL ACADEMY.—Clause (1) of section 6958(a) of title 10, United States Code, is amended by striking out “twenty-second birthday” and inserting in lieu thereof “twenty-third birthday”.

(d) UNITED STATES AIR FORCE ACADEMY.—Section 9346(a) of title 10, United States Code, is amended by striking out “twenty-second birthday” and inserting in lieu thereof “twenty-third birthday”.

(e) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act; the amendments made by subsections (b) through (d) shall take effect with regard to individuals entering the United States Military Academy, the United States Naval Academy, and the United States Air Force Academy after June 1, 1997.

SEC. 511. EXPANSION OF SENIOR RESERVE OFFICERS’ TRAINING CORPS ADVANCED TRAINING PROGRAM TO INCLUDE GRADUATE STUDENTS.

(a) IN GENERAL.—Section 2107(c) of title 10, United States Code, is amended by inserting before the last sentence the following new penultimate sentence: “The Secretary of the military department concerned may provide similar financial assistance to a student enrolled in an advanced education program beyond the baccalaureate degree level provided the student also is a cadet or midshipman in an advanced training program.”

(b) CONFORMING AMENDMENT.—Paragraph (2) of subsection (h) of such section 2107 is amended in the first sentence—

(1) by striking out “two years” and inserting in lieu thereof “up to two years”, and

(2) by striking out “four years” and inserting in lieu thereof “up to four years”.

(c) DEFINITIONAL CHANGE.—Paragraph (3) of section 2101 of title 10, United States Code, is amended by inserting “students enrolled in an advanced education program beyond the baccalaureate degree level or to” after “instruction offered in the Senior Reserve Officers’ Training Corps to”.

Subtitle C—Other Matters

SEC. 515. CLARIFYING DEFINITION OF ACTIVE STATUS.

The definition of “active status” in section 101(d)(4) of title 10, United States Code, is amended by striking out “a reserve commissioned officer, other than a commissioned warrant officer”; and inserting in lieu thereof the following: “a member of a reserve component”.

SEC. 516. CHIEF WARRANT OFFICER PROMOTIONS.

(a) REDUCTION OF MINIMUM TIME IN GRADE REQUIRED FOR CHIEF WARRANT OFFICER TO BE CONSIDERED FOR PROMOTION.—Section 574(e) of title 10, United States Code, is amended by striking out “three” and inserting in lieu thereof “two”;

(b) AUTHORIZATION OF BELOW-ZONE SELECTION FOR PROMOTION TO GRADE OF CHIEF WARRANT OFFICER.—Section 575(b) of such title 10 is amended by inserting “chief warrant officer, W-3,” after “to consider warrant officers for selection for promotion to the grade of”.

SEC. 517. REVISIONS TO MISSING PERSONS AUTHORITIES.

(a) REPEAL OF JUDICIAL REVIEW AND PREENACTMENT, SPECIAL INTEREST CASES PROVISIONS.—Section 1508 and 1509 of title 10, United States Code, are hereby repealed.

(b) TRANSMISSION THROUGH THEATER COMPONENT COMMANDER.—(1) Section 1502 of title 10, United States Code, is amended—

(A) in subsection (a)(2)—

(i) by striking “48 hours” and inserting in lieu thereof “10 days”; and

(ii) by striking “theater component commander” and inserting in lieu thereof “Secretary concerned”;

(B) by striking out subsection (b);

(C) by redesignating subsection (c) as subsection (b); and

(D) in subsection (b), as so redesignated, by striking “The theater component commander” and all that follows to the end of the subsection.

(2) Section 1503(a) of such title is amended by striking “1502(b)” and inserting in lieu thereof “1502(a)”.

(3) Section 1513 of such title 10 is amended by striking out paragraph (8).

(c) COUNSEL FOR MISSING PERSON.—(1) Section 1503 of title 10, United States Code, is amended—

- (A) by striking subsection (f);
- (B) by redesignating subsections (g), (h), (i), (j), and (k) as subsections (f), (g), (h), (i) and (j), respectively;
- (C) in subsection (g)(3)(A), as so redesignated, by striking “(j)” and inserting in lieu thereof “(i)”;
- (D) in subsection (j), as so redesignated—
 - (i) by striking “(i)” and inserting in lieu thereof “(h)”;
 - (ii) in paragraph (1)(B) by striking “(h)” and inserting in lieu thereof “(g)”;
 and
- (E) in subsection (k), as so redesignated, by striking “(i)” and inserting in lieu thereof “(h)”.

(2) Section 1504 of such title is amended—

- (A) in subsection (a) by striking “(i)” and inserting in lieu thereof “(h)”;
- (B) by striking subsection (f);
- (C) by redesignating subsections (g), (h), (i), (j), (k), (l) and (m) as subsections (f), (g), (h), (i), (j), (k) and (l), respectively;
- (D) in subsection (g)(3)(A), as so redesignated, by striking “and the counsel for the missing person appointed under subsection (f)”;
- (E) in subsection (j), as so redesignated—
 - (i) in paragraph (1) by striking “(j)” and inserting in lieu thereof “(i)”;
 - (ii) by striking paragraph (1)(B);
 - (iii) by redesignating paragraph (1)(C) as paragraph (1)(B);
 - (iv) in paragraph (1)(B), as so redesignated, by striking “(g)(5)” inserting in lieu thereof “(f)(5)”;
 - (v) in paragraph (2) by striking “(C)” and inserting in lieu thereof “(B)”;
- (F) in subsection (k), as so redesignated, by striking “(k)” and inserting in lieu thereof “(j)”;
- (G) in subsection (l), as so redesignated, by striking “(k)” and inserting in lieu thereof “(j)”.

(3) Section 1505(c) of such title is amended—

- (A) in paragraph (2) by striking “(A) the designated missing person’s counsel for that person, and (B)”;
- (B) in paragraph (3) by striking “with the advice of the missing person’s counsel notified under paragraph (2)”.

(d) THREE YEAR REVIEWS.—Section 1505 of title 10, United States Code, is amended by striking subsection (b) and inserting in lieu thereof—

“(b) FREQUENCY OF SUBSEQUENT REVIEWS.—The Secretary shall appoint a board to conduct an inquiry with respect to a missing person under this subsection upon receipt of information that may result in a change of status of the missing person.”.

(e) WRONGFUL WITHHOLDING.—Section 1506 of title 10, United States Code, is amended—

- (1) by striking subsection (e); and
- (2) by redesignating subsection (f) as subsection (e), respectively.

(f) RECOMMENDATION ON STATUS OF DEATH.—Section 1507(b) of title 10, United States Code, is amended by striking paragraphs (3) and (4).

(g) DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES AND CONTRACTOR EMPLOYEES.—Section 1501(c) of title 10, United States Code, is amended—

- (1) by striking “the following persons: (1) Any” and inserting in lieu thereof “any”;
- (2) by striking paragraph (2).

(h) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 76 of title 10, United States Code, is amended by striking the items referring to sections 1508 and 1509.

SEC. 518. AUTHORITY FOR TEMPORARY PROMOTIONS OF CERTAIN NAVY LIEUTENANTS.

Section 5721 of title 10, United States Code, is amended by striking subsection (g).

SEC. 519. EXTENSION IN THE DELAYED ENTRY PROGRAM OF UP TO 180 DAYS FOR MERITORIOUS CASES.

Section 513(b) of title 10, United States Code, is amended—

- (1) by adding after the first sentence the following new sentence: “The Secretary concerned may extend the above 365-day limitation period for a person in the delayed entry program for up to an additional 180 days when he or she considers it expedient to do so.”;
- (2) in the last sentence by striking out “the preceding sentence” and inserting in lieu thereof “under this section”.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

SEC. 601. MILITARY PAY RAISE FOR FISCAL YEAR 1997.

(a) **WAIVER OF SECTION 1009 ADJUSTMENT.**—Any adjustment required by section 1009 of title 37, United States Code, in elements of compensation of members of the uniformed services to become effective during fiscal year 1997 shall not be made.

(b) **INCREASE IN BASIC PAY, BAS, AND BAQ.**—Effective on January 1, 1997, the rates of basic pay, basic allowance for subsistence, and basic allowance for quarters of members of the uniformed services are increased by 3.0 percent.

SEC. 602. RESTRICTION ON ENTITLEMENT TO BASIC ALLOWANCE FOR QUARTERS FOR RESERVE COMPONENT MEMBERS.

Section 403(a) of title 37, United States Code, is amended by adding at the end of paragraph (1) the following new sentence: "A member of the Ready Reserve who is serving on active duty for a period of fifteen days or less and who is provided government quarters is not entitled to a basic allowance for quarters unless accompanied by his dependents."

SEC. 603. CONTINUOUS BAQ/VHA FOR SINGLE MEMBERS WHO PCS TO DEPLOYED UNIT; AUTHORIZATION TO QUARTERS ASHORE (EITHER ADEQUATE OR INADEQUATE), OR BASIC ALLOWANCE FOR QUARTERS FOR E-5 MEMBERS, WITHOUT DEPENDENTS, ASSIGNED TO SEA DUTY; AND BAQ/VHA FOR SHIPBOARD MILITARY COUPLES.

Section 403(c)(2) of title 37, United States Code, is amended—

(1) at the beginning of the first sentence by striking "A member" and inserting in lieu thereof "Except as otherwise provided in this paragraph, a member"; and

(2) by striking the second sentence and inserting in lieu thereof "Under regulations of the Secretary concerned that must consider the availability of quarters, such Secretary may authorize payment of the basic allowance for quarters to a member of a uniformed service under the Secretary's jurisdiction when the member is without dependents, is serving in pay grade E-5, and is assigned to sea duty. Two members of the uniformed services in pay grades below E-6, who are married to each other and have no other dependents, and who are simultaneously assigned to sea duty on ships are entitled to a basic allowance for quarters (equal to the with dependents rate of the pay grade of the senior member only)."

(b) The amendments made by this section shall become effective July 1, 1997. With the approval of the Secretary of Defense, if funds are available for such purpose, the Secretary of a Military Department may implement such amendments on an appropriate date following the date of enactment of this Act.

SEC. 604. ADJUSTMENTS IN CADET AND MIDSHIPMEN PAY.

Section 203(c) of title 37, United States Code, is amended by striking paragraph (2) in its entirety and "(1)" at the beginning of the subsection.

Subtitle B—Extension of Bonus and Incentive Pays

SEC. 605. EXTENSION OF AUTHORITY RELATING TO PAYMENT OF OTHER BONUSES AND SPECIAL PAYS.

(a) **AVIATION OFFICER RETENTION BONUS.**—Section 301b(a) of title 37, United States Code, is amended by striking out "September 30, 1997," and inserting in lieu thereof "September 30, 1999".

(b) **REENLISTMENT BONUS FOR ACTIVE MEMBERS.**—Section 308(g) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(c) **ENLISTMENT BONUSES FOR CRITICAL SKILLS.**—Sections 308a(c) and 308f(c) of title 37, United States Code, are each amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(d) **SPECIAL PAY FOR ENLISTED MEMBERS OF THE SELECTED RESERVE ASSIGNED TO CERTAIN HIGH PRIORITY UNITS.**—Section 308d(c) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(e) **REPAYMENT OF EDUCATION LOANS FOR CERTAIN HEALTH PROFESSIONALS WHO SERVE IN THE SELECTED RESERVE.**—Section 16302(d) of title 10, United States Code,

is amended by striking out "October 1, 1997" and inserting in lieu thereof "October 1, 1999".

(f) SPECIAL PAY FOR CRITICALLY SHORT WARTIME HEALTH SPECIALISTS IN THE SELECTED RESERVES.—Section 302g(f) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(g) SPECIAL PAY FOR NUCLEAR-QUALIFIED OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section 312(e) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(h) NUCLEAR CAREER ACCESSION BONUS.—Section 312b(c) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(i) NUCLEAR CAREER ANNUAL INCENTIVE BONUS.—Section 312c(d) of title 37, United States Code, is amended by striking out "October 1, 1997" and inserting in lieu thereof "October 1, 1999".

SEC. 606. EXTENSION OF CERTAIN BONUSES FOR RESERVE FORCES.

(a) SELECTED RESERVE REENLISTMENT BONUS.—Section 308b(f) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(b) SELECTED RESERVE ENLISTMENT BONUS.—Section 308c(e) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(c) SELECTED RESERVE AFFILIATION BONUS.—Section 308e(e) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(d) READY RESERVE ENLISTMENT AND REENLISTMENT BONUS.—Section 308h(g) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(e) PRIOR SERVICE ENLISTMENT BONUS.—Section 308i(i) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

SEC. 607. EXTENSION AND MODIFICATION OF CERTAIN BONUSES AND SPECIAL PAY FOR NURSE OFFICER CANDIDATES, REGISTERED NURSES AND NURSE ANESTHETISTS.

(a) NURSE OFFICER CANDIDATE ACCESSION PROGRAM.—Section 2130a(a)(1) of title 10, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(b) ACCESSION BONUS FOR REGISTERED NURSES.—Section 302d(a)(1) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

(c) INCENTIVE SPECIAL PAY FOR NURSE ANESTHETISTS.—Section 302e(a)(1) of title 37, United States Code, is amended by striking out "September 30, 1997" and inserting in lieu thereof "September 30, 1999".

Subtitle C—Travel and Transportation Allowances

SEC. 610. ROUND-TRIP TRAVEL ALLOWANCES FOR SHIPPING MOTOR VEHICLES AT GOVERNMENT EXPENSE.

(a) IN GENERAL.—Section 406(b)(1)(B) of title 37, United States Code, is amended as follows:

(1) in clause (i)(I) by inserting ", including return travel to the old duty station," after "nearest the old duty station"; and

(2) in subparagraph (ii) by inserting ", including travel from the new duty station to the port of debarkation to pick up the vehicle" after "to the new duty station".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective July 1, 1997. With the approval of the Secretary of Defense, if funds are available for such purpose, the Secretary of a Military Department may implement such amendments at an earlier date following the date of enactment of this Act.

SEC. 611. AUTHORITY TO REIMBURSE DEPARTMENT OF DEFENSE DOMESTIC DEPENDENT-SCHOOL-BOARD MEMBERS FOR CERTAIN PROGRAMS AND ACTIVITIES.

Section 2164(d) of title 10, United States Code, is amended by adding at the end a new paragraph (7) as follows:

"(7) The Secretary may provide for reimbursement to a school board member for travel and transportation expenses, to include program and activity fees,

that the Secretary determines are reasonable and necessary to the performance of school board duties.”.

SEC. 612. STORAGE OF A MOTOR VEHICLE IN LIEU OF TRANSPORTATION.

(a) Section 2634 of title 10, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by adding a new subsection (b) as follows:

“(b) In lieu of transportation authorized by this section, if a member is ordered to a foreign country, and the laws, regulations, or other restrictions imposed by the foreign country or the United States Government preclude entry or require extensive modification as a condition to entry of the member’s (or a dependent of the member’s) motor vehicle into such country, such member may elect storage at the expense of the United States, to include authorized costs associated with the delivery of the motor vehicle for storage and removal for delivery to the next authorized destination.”.

(b) Clause (h)(1)(B) of section 406 of title 37, United States Code, is amended to read as follows:

“(B) in the case of a member described in paragraph 2(A), authorize the transportation of one motor vehicle that is owned by the member (or a dependent of a member) and is for his dependent’s personal use to that location by means of transportation authorized under section 2634 of title 10, or storage of such motor vehicle as authorized under said section.”.

(c) The amendments made by this section shall become effective July 1, 1997. With the approval of the Secretary of Defense, if funds are available for such purpose, the Secretary of a Military Department may implement such amendments earlier than July 1, 1997, but not earlier than the date of enactment of this Act.

SEC. 613. REPEAL OF PROHIBITION ON PAYMENT OF LODGING EXPENSES WHEN ADEQUATE GOVERNMENT QUARTERS ARE AVAILABLE.

Section 1589 of title 10, United States Code, is repealed.

Subtitle D—Retired Pay, Survivor Benefits, and Related Matters

SEC. 615. EFFECTIVE DATE FOR MILITARY RETIREE COST-OF-LIVING ADJUSTMENT FOR FISCAL YEAR 1998.

(a) **ADJUSTMENT OF EFFECTIVE DATE.**—Subparagraph (B) of section 1401a(b)(2) of title 10, United States Code, is amended to read as follows:

“(B) **SPECIAL RULE FOR FISCAL YEAR 1996.**—In the case of the increase in retired pay that, pursuant to paragraph (1), becomes effective on December 1, 1995, the initial month for which such increase is payable as part of such retired pay shall (notwithstanding such December 1 effective date) be March 1996.”.

(b) **REPEAL OF CONTINGENT ALTERNATIVE DATE FOR FISCAL YEAR 1998.**—Section 631 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 364) is amended by striking subsection (b) and further, by redesignating subsection (c) as the new subsection (b).

SEC. 616. CLARIFYING USE OF MILITARY MORALE, WELFARE, AND RECREATION FACILITIES BY RETIRED RESERVISTS.

Section 1065(a) of title 10, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following: “Such use by members of the Selected Reserve, and the dependents of such members, shall be permitted on the same basis as members on active duty. Such use by members who would be eligible for retired pay under chapter 67 of this title but for the fact that the members are under 60 years of age, and the dependents of such members, shall be on the same basis as members who retired after serving 20 or more years on active duty.”.

Subtitle E—Other Matters

SEC. 620. DISABILITY COVERAGE FOR OFFICERS GRANTED EXCESS LEAVE FOR EDUCATIONAL PURPOSES.

(a) **ELIGIBILITY FOR RETIREMENT.**—Section 1201 of title 10, United States Code, is amended by striking in the first sentence “Upon a determination” and all that follows to the first dash and inserting in lieu thereof the following: “Upon a determination by the Secretary concerned that a member of a regular component of the

armed forces entitled to basic pay, or any other member of the armed forces entitled to basic pay who has been called or ordered to active duty (other than for training under section 10148(a) of this title) for a period of more than 30 days, or a member of a regular component of the armed forces who, while on active duty, is not entitled to basic pay because he is authorized by the Secretary concerned under section 502(b) of title 37 to participate in an educational program, is unfit to perform the duties of his office, grade, rank, or rating because of physical disability incurred while entitled to basic pay, or while not entitled to basic pay because he is authorized by the Secretary concerned under section 502(b) of title 37 to participate in an educational program, the Secretary may retire the member, with retired pay computed under section 1401 of this title, if the Secretary also determines that”.

(b) **ELIGIBILITY FOR PLACEMENT ON TEMPORARY DISABILITY RETIREMENT LIST.**—Section 1202 of title 10, United States Code, is amended by inserting “or a member of a regular component of the armed forces who, while on active duty, is not entitled to basic pay because he is authorized by the Secretary concerned under section 502(b) of title 37 to participate in an educational program,” after “for a period of more than 30 days,”.

(c) **ELIGIBILITY FOR SEPARATION.**—Section 1203 of title 10, United States Code, is amended by striking in the first sentence “Upon a determination” and all that follows to the first dash and inserting in lieu thereof the following: “Upon a determination by the Secretary concerned that a member of a regular component of the armed forces entitled to basic pay, or any other member of the armed forces entitled to basic pay who has been called or ordered to active duty (other than for training under section 10148(a) of this title) for a period of more than 30 days, or a member of a regular component of the armed forces who, while on active duty, is not entitled to basic pay because he is authorized by the Secretary concerned under section 502(b) of title 37 to participate in an educational program, is unfit to perform the duties of his office, grade, rank, or rating because of physical disability incurred while entitled to basic pay, or while not entitled to basic pay because he is authorized by the Secretary concerned under section 502(b) of title 37 to participate in an educational program, the member may be separated from his armed force with severance pay computed under section 1212 of this title, if the Secretary also determines that—”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act and apply with respect to physical disabilities incurred on or after such date.

SEC. 621. AMENDMENTS TO THE UNIFORMED SERVICES FORMER SPOUSES' PROTECTION ACT.

Section 1408 of title 10, United States Code, is amended as follows:

(1) In subsection (b)(1), by striking out “certified or registered mail, return receipt requested” in paragraph (A) and inserting in lieu thereof, “facsimile or electronic transmission, mail”.

(2) In subsection (e)—

(A) by adding after subparagraph (3) the following new subparagraph (4):

“(4) An order modifying or clarifying the original court order upon which payments under this section are based and issued by a state other than the state issuing the original court order shall not be honored unless the court modifying or clarifying the original court order is found to have jurisdiction over both the member and former spouse in accordance with the guidance set forth in subsection (c)(4).”; and

(B) by redesignating subparagraphs (4), (5), and (6), as subparagraphs (5), (6), and (7), respectively.

(3) In subsection (h), by amending subparagraph (10)(A) to read as follows:

“(10)(A) For purposes of this subsection, in the case of a member of the armed services who has been sentenced by a court-martial to receive punishment that will terminate the eligibility of that member to receive retired pay if executed, the eligibility of that member to receive retired pay may, as determined by the Secretary concerned, be considered terminated effective either upon the approval of that sentence by the person acting under section 860(c) of this title (article 60(c) of the Uniform Code of Military Justice), or upon the discharge of the member from the uniformed services.”.

SEC. 622. TRAVEL AND TRANSPORTATION ALLOWANCES: TRAVEL PERFORMED IN CONNECTION WITH LEAVE BETWEEN CONSECUTIVE OVERSEAS TOURS.

(a) **ADDITIONAL DEFERRAL.**—Paragraph (2) of subsection 411b(a) of title 37, United States Code, is amended by inserting at the end the following new sentence: “Notwithstanding the limitation in the preceding sentence, a member who is unable to travel under this provision prior to completion of the one year period after the date the member begins the consecutive overseas tour of duty or arrives at a new duty

station due to participation in a critical operational mission, as determined by the Service Secretaries or their designated representatives, may, under the uniform regulations referred to in paragraph (1), defer that travel for a period not to exceed one year after assignment from the critical operational mission that precluded the travel."

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective for all members participating in critical operational missions on or after 1 November 1995.

TITLE VII—HEALTH CARE PROVISIONS

Sec. 701. Technical revision to
CHAMPUS payment limits for
TRICARE prime enrollees.

Sec. 702. Repeal of the statutory
restriction on use of funds for
abortions.

Sec. 703. Medical and dental care
for Reserve component members in
a duty status.

Sec. 704. Improved death and
disability benefits for reservists.

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DEPARTMENT OF DEFENSE TRICARE AND ALTERNATIVES FOR RETIREE HEALTH CARE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Thursday, March 7, 1996.

The subcommittee met, pursuant to notice, at 2:15 p.m., in room 2118, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Subcommittee on Military Personnel will come to order. Today, March 7, 1996, the subcommittee will hear testimony on the implementation of the Department of Defense's managed health care program, the TRICARE program, and we will begin exploring, in earnest, some options for ensuring medical coverage for military retirees.

The Department of Defense operates one of the Nation's largest health care systems. Over 8.5 million people, including all active-duty service members, retirees and their families, are entitled to use military medical facilities. An estimated 6.7 million of these beneficiaries rely to some degree on the military health care system.

As a result of congressional concern about the soaring medical budget and lack of a uniform benefit, Congress directed the Department to establish a uniform, managed-care program to control medical costs and to provide a uniform benefit structure throughout the United States. After experimenting with a variety of managed care initiatives, DOD selected the TRICARE program.

TRICARE represents a major departure from previous ways of doing business in the military health care system. It is designed to provide military beneficiaries with more options for obtaining health care than they have with CHAMPUS, a straight fee-for-service plan. TRICARE will offer most beneficiaries three options from which to choose: An HMO option, a preferred provider option, or PPO, and a basic fee-for-service plan similar to CHAMPUS.

As frequently happens when you introduce any new system, implementation of TRICARE has raised some concerns among both military health care beneficiaries and Members of Congress. While many of the concerns may be attributable to the "fear of the unknown," partly due to less than adequate early marketing efforts, some concerns address some very valid issues. Principal among these issues is that of providing medical care for military retirees.

Many military retirees fear that enrollment limits for the HMO option, TRICARE Prime, will deny them access to this cost-saving alternative and will force them to seek their care through the more expensive PPO or standard fee-for-service options. Also, many retirees express opposition to the creation of enrollment fees that apply to retirees only.

Perhaps one of the most difficult questions to answer, though, deals with the impact on Medicare-eligible retirees. This group of beneficiaries will not be eligible to use TRICARE. Although they remain entitled to use military treatment facilities on a space available basis, they are very concerned that their access to these facilities will become increasingly difficult since TRICARE is designed to optimize use of military facilities by TRICARE enrollees.

Our objectives in this hearing are to assess TRICARE implementation efforts to date in order to gain a better understanding of its ability to increase beneficiary access to quality health care and to begin evaluating options for ensuring that the millions of Americans who steadfastly served our country continue to receive the medical care they so faithfully earned. These are difficult issues, but medical care is key to the quality of life of our military members, both active and retired.

Mr. Pickett is going to join us. I was with him a few moments ago. Mr. Skelton, did you want to make an opening statement, sir?

Mr. SKELTON. First, let me thank you for your foresight in calling this hearing. It is a very, very important subject. Of course, you have uniform health care systems for all three of the services. I think, of course, you will be centering many of your cautions on the retirees, and I agree with you that those who have served our country so honorably and so well through the years have to make sure—we have to make sure that they are taken care of when it comes to health care under this system; and I am sure there is some question as to whether it is underfunded or how it is underfunded, if that be the case.

The retirees being taken care of affects more than them. It affects more than our credibility. It affects the word of mouth that goes out among the young folks that you want to join the services, the Army, Navy, Air Force, and Marines, and when they see retirees being taken care of properly, they will be more apt to listen to them than if they hear the contrary. So I think this is not just a temporary issue. I think this is a long-serving issue for this subcommittee, and I thank you for calling the hearing.

Mr. DORNAN. Thank you, Mr. Skelton.

I am pleased to welcome our first panel of witnesses who will provide an overview of TRICARE implementation efforts and bring us up to date. Maj. Gen. James Peake, who I just had the pleasure of meeting, recently became the Deputy Commander of the U.S. Army Medical Command in San Antonio. Prior to that, he was the lead agent for the first TRICARE region to be implemented, region 11 in Washington and Oregon. When we last had a hearing on this—I cannot believe it has been a year—you had just kicked off in mid-March last year. We had our hearing at the end of the month. And now we will be able to get a 1-year report.

Let me introduce the other two panel members, and then you can start, General Peake. Mr. Steve Tough is president and chief oper-

ating officer of Foundation Health Federal Services, the civilian managed care support contractor for both operating TRICARE regions as well as the California and Hawaii regions scheduled to begin operations next month. Did I say your name right?

Mr. TOUGH. Yes, yes, you did, sir.

Mr. DORNAN. Excellent. Mr. Steve Backhus is the associate director for Health Care Delivery and Quality Issues at the General Accounting Office.

General Peake, please begin, sir.

STATEMENT OF MAJ. GEN. JAMES PEAKE, DEPUTY COMMANDER, U.S. ARMY MEDICAL COMMAND, FORMER TRICARE LEAD AGENT, REGION 11

General PEAKE. Mr. Chairman, first, General LaNoue is off in the Far East visiting our soldiers and our medical treatment facilities there, but has asked me to sit in for him and to discuss the issues of TRICARE. I am really pleased to be back before the committee after 1 year, sir, to talk to you about some of the successes of TRICARE we have had out there in region 11, Washington and Oregon.

The successes, I think, can be measured by a variety of things. First, the enrollment. We have about 88,000 people that have signed up for TRICARE Prime, the HMO portion. That is about a 46-percent penetration rate of the people that are eligible in just that first year period, and it exceeds the expected enrollment, for which initial estimates were about 28,000 for the end of the first year, and we are already at 88,000.

Our success can also be measured in terms of disenrollment for dissatisfaction, which is like .001 percent, sir, which suggests that our beneficiaries are happy with the care that they have received. We have made an effort also to try to reach out to those Medicare eligible folks; and even though they are not really eligible to enroll in TRICARE Prime, we have about 3,600 at Madigan alone who we have impaneled in our TRICARE portal so at least that number of folks can have that access to care. So we are pleased with being able to try to offer that to take care of our beneficiaries.

We have also had pretty good coverage from the press who have come and looked at us, especially as we are the first out the chute for delivering this product. We feel like we have had good general reviews from the press about how we are doing with that. In addition, sir, we have done some surveys that most recently suggest that four out of five are going to sign up again for TRICARE Prime, and only 15 percent in that most recent survey suggested a dissatisfaction with TRICARE Prime, and that was looking at our prime constituents primarily.

We have also had some marks for improved understanding, and we are pleased about that because, as you point out, sir, that was a problem earlier on, and we have been working on that, and it is a continual process. And we have also had some measures of patient satisfaction. Telephone access has been a problem for us in the past, and though we saw an initial bump of increased complaints about telephone access when we first started with Foundation to put this centralized appointing system in place, those complaints, sir, have dropped off rather dramatically to below the level

and have stayed below the level that we had those kind of complaints before we had established TRICARE.

Similarly, sir, the complaint measuring by complaints, complaints about access to care, had an initial bump as we were trying to put this new thing into place, but they have come down at Madigan to below the level that we have had before. The Navy has had particular success in the telephone access because that was a big problem for them at Bremerton, and the people there are very happy with that.

So those are the kind of measures of success that I am talking about, and, sir, we have had some opportunities to do some new things. In Idaho, we picked up the six counties of northern Idaho, about 4,000 folks up there. So Dr. Joseph and the folks have adjusted the boundaries so we can take those folks, give them opportunity for extra in their area, and Foundation is starting to improve the extra network so that they have that available.

In addition, about 43 of those people so far, and this was just available as of the first of March, have signed up for TRICARE Prime, which they can come to the Spokane area to be able to get that HMO product. It is part of our demonstration project, sir, to try to enhance care in the geographically separated areas, which has been a concern that you raise about folks that are not in the TRICARE primary areas. And Foundation is working with us on that to come to some kind of resolution and be able to offer a prime product for the active-duty person who is out in the readiness groups and recruiting commands and so forth.

We have recently had a command post exercise, if you will, sir, to try to sort out with Foundation, our contractor there, how we can do a better job of really making sure that we are ready to mobilize and get the backfill and those kind of things. And it is those kind of working together things that we are being able to do that hopefully will continue to mature us as an improving organization.

This is a big, complex contract. We have two groups of people, the Foundation folks and our folks, coming together for the first time, and so we had some turbulence. In fact, we had about 89 different issues that we had put on our working list as we first got going, but through a series of weekly meetings with Foundation, through a series of our monthly meetings with Foundation at each of the MTF's, we have worked those down to around 10. Some come off, some go on, and we are continuing to evolve that relationship.

I guess one of the things that I think is significant was just an anecdote, sir, that the Command Sergeant Major of Forces Command, the Command Sergeant Major, whose responsibility looks across all the deployable forces in the United States for the Army, came, and he had been around the country and spent some time there at Fort Lewis with us and out talking to his colleagues and the retirees; and he said to me that he has heard problems with TRICARE all over the country, but this is the first place he had come, Fort Lewis, where he heard no problems that were brought to him as significant issues with TRICARE. And it was gratifying to him to know that this is the only place that we had TRICARE, and it was his hope and perception that perhaps as TRICARE spread across the country, we would have that continual improve-

ment and acceptance across the country and satisfaction by the patients.

And so we did have some of that turmoil at the beginning. I think given consistent resourcing, the ability, the tools to manage appropriately, so that we can make the right business decisions at the MTF level and at the regional levels, that as TRICARE does spread across the country, which it should be doing very soon, sir, as you know, till 1997, these contracts will be out, that we will have happy beneficiaries and improved access, and I am pleased to be here to answer any questions you might have about it, sir.

Mr. DORNAN. Thank you, General.

[The prepared statement of General Peake follows:]

RECORD VERSION

STATEMENT BY

MAJOR GENERAL JAMES B. PEAKE
DEPUTY COMMANDER, U.S. ARMY MEDICAL COMMAND
UNITED STATES ARMY

BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
COMMITTEE ON NATIONAL SECURITY

U.S. HOUSE OF REPRESENTATIVES

SECOND SESSION, 104TH CONGRESS

DoD's TRICARE PROGRAM

7 MARCH 1996

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE COMMITTEE ON
NATIONAL SECURITY
U.S. HOUSE OF REPRESENTATIVES

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the experience we in Region 11 have had with the implementation of the Department of Defense's (DoD) nationwide managed health care program called TRICARE. The DoD's first managed care support (MCS) contract was awarded to Foundation Health Federal Services, Inc., (FHFS) on September 8, 1994. This contract has five one-year option periods at a cost of \$491 million and provides care to approximately 340,000 beneficiaries in Washington, Oregon and the six northern counties of Idaho.

First, let me say that overall implementation has been a success for the beneficiary, for the Services and for the DoD. Health care delivery began in Region 11 on March 1, 1995 with TRICARE Prime and Extra being available in the majority of designated areas. Although there was some delay in implementing marketing and enrollment (due to the delay in the decision about the uniform benefit package) the response to Prime has been exceptional with 137,911 (50,987 Active Duty, 63,024 Active Duty family members and 23,900 Retirees and their family members) MHSS beneficiaries enrolled in prime as of 20 Feb 96. FHFS had estimated that during the first option period approximately 58,605 CHAMPUS

eligibles would enroll and that by the end of the fifth option year about 99,248 would be enrolled.

FHFS provides TRICARE Service Centers (TSC) at each military treatment facility (MTF) and additional TSCs at Everett, Yakima and Portland OR. A 24-hour, 1-800 health information line provides around-the-clock access to health information tapes. A registered nurse at the same phone number provides assistance, answers questions and refers patients to care if necessary. Also, FHFS operates a regional appointment center, in Tacoma, WA making appointments for all MTFs except the 92nd Medical Group, Fairchild AFB who has chosen to continue making their own appointments.

With any major initiative there is bound to be some problems and with the implementation of TRICARE in Region 11 we have experienced our share. Both the contractor and the government found that implementation required more up-front investment of personnel resources than they had anticipated. This resulted in some implementation programs and plans being delayed. In order to mitigate issues we have implemented a weekly meeting between the Lead Agent (LA) staff and the staff at FHFS to discuss operational issues

and to ensure all necessary actions are on track for quality health care delivery. FHFS also meets monthly with each MTF at their Catchment Area Executive Committee (CAEC) where the MTF commander and staff review issues and plan for health care delivery. For the most part we have been very successful working with FHFS to resolve issues and of 86 issues identified and tracked during this first year of health care delivery, we have resolved all but 10, which continue to be worked at the appropriate levels.

I would like to take a moment to address some of the issues we are working with:

On March 1, 1996 we added the six northern counties of Idaho to our Region as a result of congressional interest and concern for beneficiaries who historically obtained care from the MTF at Fairchild AFB near Spokane, WA.

We have been working with Health Affairs and FHFS to expand the Prime benefit to active duty personnel and their family members assigned to isolated locations outside established catchment areas as part of a DoD demonstration project. We hope to implement this demonstration project sometime during this Fiscal Year.

We are working with regional MTFs and FHFS to develop a mobilization plan that will assist in providing support during periods of staffing shortage due to mobilization. A joint command post exercise (CPX) was held on February 28th to assist in this process.

As issues are identified that have national significance, we elevate those issues to Service and Health Affairs level for consideration and resolution. This process has been very successful in resolving issues such as TRICARE enrollment of active duty members with retirement orders, and changing the payment for enrollment fees to a quarterly basis. Monthly allotment of enrollment fees is being worked for possible implementation in early 1997.

Our experience has been that our beneficiaries are satisfied with the TRICARE program. There have been a number of news articles published that point to a very successful implementation. An Army Times writer spent a full week in the Northwest talking to providers and beneficiaries about their TRICARE experiences. The Army Times report was very positive.

Wanting our own assessment, Health Affairs authorized a marketing firm (Market Metrics) to conduct a survey of the

Prime enrollees in Region 11. Market Metrics conducted a telephone survey of 1,180 TRICARE Prime enrollees in Region 11 to determine satisfaction levels 10 months after the program's launch. The results of that survey (20 January - 9 February) have just been released and again demonstrate that the implementation of TRICARE has been a success in Region 11. Only 15% of enrollees have indicated dissatisfaction with some component of TRICARE. Enrollees who are the most knowledgeable and who use the program are the most satisfied. When asked their re-enrollment intentions, four out of five enrollees say that they plan to re-enroll in Prime and only about five percent plan to switch options.

The experience of Region 11 suggests that the TRICARE program, once implemented and understood by beneficiaries, provides a quality set of choices that yields a high rate of patient satisfaction. We have every reason to believe that TRICARE will receive the same level of satisfaction as it is implemented nationwide.

Once again, I appreciate the opportunity to appear before the committee and shall be happy to answer any questions you may have.

Mr. DORNAN. Point of protocol here. I see in the committee room Congressman Charlie Norwood of Georgia, a former Army officer, doctor of dentistry. Congressman, why do you not join us here? You can sit next to Duncan Hunter. He will educate you on procurement during some of the less feedy moments. We are honored to have you on the panel and to ask any questions also at any point, Dr. Norwood.

Now, let us hear from the president and chief operating officer of Foundation Health Federal Services, Mr. Steve Tough.

STATEMENT OF STEVE D. TOUGH, PRESIDENT AND CHIEF OPERATING OFFICER, FOUNDATION HEALTH FEDERAL SERVICES, MANAGED-CARE SUPPORT CONTRACTOR FOR TRICARE REGIONS 11, 6 AND 9, 10, 12

Mr. TOUGH. Thank you, Mr. Chairman, and members of the subcommittee. I appreciate the opportunity to be here today to discuss the Foundation's participation in the department's TRICARE program. When the department first embarked on designing and implementing this program in 1986, the Foundation was an enthusiastic participant. We are proud of the services we have delivered to the Department's beneficiary population from the inception of DOD's nationwide managed health care program and of the programs we are implementing and operating today.

We are also proud of the partnership that has been forged between DOD and Foundation toward this effort. As you know, Foundation served the DOD beneficiary population in California and Hawaii under the CHAMPUS reform and currently holds contracts for region 11 and region 6, which is in the Texas area, and we will shortly be delivering services again in regions 9, 10, and 12, which are California and Hawaii on April 1.

Foundation, for background purposes, is an integrated managed care organization which administers the delivery of managed health services. Through our subsidiary operations, the company offers health care coverage to commercial employer groups, to Medicaid beneficiaries, to individual members and Medicare enrollees. The corporation in total serves over 4 million beneficiaries through 19 States.

This committee has had a long-standing interest in military medical care, and has been an active participant in its development. Since you are clearly familiar with the design of the program and much of its history, I want to take a few minutes to outline what I see the program has done for the Department's beneficiaries and for the Government itself.

First of all, the DOD is not unique in the challenges it faces with its own health care delivery system. Nationwide we have experienced increasing costs, uneven access to health care services, and disparate benefit and cost-sharing packages across varied beneficiary categories. When DOD embarked on a comprehensive reform of the CHAMPUS system, it was on the cutting edge of change. DOD remains there as it has marched steadfastly ahead in implementing its managed care program nationwide. Over the past several years, DOD has, and this is consistent with its commercial counterparts, modified its programs in order to respond to

downsizing, budgetary pressures and quality assurance and access issues.

Change has been necessary and appropriate as we collectively move toward modifying the prior CHAMPUS program. What the Department has ended up with is a significant savings through each implemented regional contract. Initial California and Hawaii CRI contracts had an ending cost over a 5½-year period of about \$3.7 billion. The current California and Hawaii contract award is approximately \$2.5 billion over a 5-year period. The competitive environment, the inclusion of managed care technology and an effective use of military treatment facilities has had a profound positive effect on reducing the cost to the Government.

From a cost management perspective, similar effects have occurred in other TRICARE regions. Region 11, obviously Oregon and Washington, had an original cost estimate of approximately \$600 million over a 5-year period and was awarded at \$475 million. Region 6, which includes the Texas, Oklahoma, Arkansas and portions of Louisiana, had an original cost estimate of approximately \$2.1 billion over 5 years and was awarded at \$1.8 billion. And regions 3 and 4, which was recently awarded in the Southeast, originally estimated at \$4.5 billion over 5 years was awarded at \$3.8 billion.

Managed care and TRICARE have had a positive effect on standard Champus costs and competition has further reduced the cost to the Government. TRICARE has improved the program for the beneficiaries as well. Enrollment, as General Peake identified here, in TRICARE Prime has been threefold over original projections. That suggests that even with the enrollment fee, the TRICARE program is a desirable option for beneficiaries.

The TRICARE program has expanded beneficiary choice in benefit options. A civilian network is now available in regions where no defined network was available in the past. TRICARE service centers staffed with beneficiary representatives and nursing personnel called health care finders are located throughout the region and create more accessibility for beneficiaries to care, information and issue resolution.

And the beneficiary benefits have been expanded to include preventive services and wellness education. The resource sharing program, which is still maturing in each region, will eventually create greater provider accessibility at the military treatment facilities. The TRICARE lead agent concept, which General Peake was the first champion of that, created a regional contractor point of contact and permitted consistent definition of application of medical policy and health care delivery throughout the region.

It is important to note that these contracts also bring good business to the local communities as well. Prime contractors such as Foundation and others subcontract with local providers and health care delivery systems who are not in a position to perform as prime contractors. Most importantly, and again, as General Peake has indicated, the beneficiary satisfaction seems high. While Foundation has not yet undertaken a formal survey on TRICARE, and is scheduled to do so in region 11 at the end of the first year, we harken back to the CRI beneficiary satisfaction rates which indicated it was about 95 percent throughout the duration of the contract.

There is no reason to believe that the satisfaction would not be similar in other regions at this date.

Despite these successes, contracts of this size cannot be procured, implemented or operated without some difficulties. In the procurement side, as you well know, the procurement process is an extremely long effort. The request for proposals itself is extremely detailed, and the response involves thousands of pages of text and in very finite detail. The procurements can involve numerous amendments and further protract the award process. However, it should be noted that the new request for proposals that have recently been released have been refined and improved.

From an implementation front, I think Jim Peake has adequately described it. Implementation time periods are extremely short. They are complex with detailed aspects of the program; massive number of tasks require exhaustive implementation attention. The program also affects massive numbers of beneficiaries and providers which complicates the ability to create ease in transition.

And from an operating standpoint, I think clearly Jim outlined it as one of getting to know one another, getting two large groups of people that come together to try to implement a program. It takes from our experience about 12 months for us to work together after implementation to iron out the communication and operational relationships, and then over that period of time it leads to a smoother operational interface with the lead agent, the MTF and the contractor.

In summary, Foundation is pleased to be providing services to Department of Defense beneficiaries. We look forward to continued participation, continued improvement, and working with the department to provide the best possible services to the population. I appreciate the opportunity to appear before you and welcome any questions you might have for me.

Mr. DORNAN. Thank you, Mr. Tough, for an excellent statement.

Mr. TOUGH. Thank you.

[The prepared statement of Mr. Tough follows:]

Testimony

Before The Subcommittee on Military Personnel
Committee on National Security
U.S. House of Representatives

TRICARE

Mr. Steven D. Tough
President and Chief Operating Officer
Foundation Health Federal Services, Inc.
Rancho Cordova, California

For Release on Delivery
Expected at 2:00 p.m.
Thursday, March 7, 1996

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss Foundation Health Federal Services' participation in the Department of Defense's TRICARE program. When the Department first embarked on designing and implementing this program in 1986, Foundation was an enthusiastic participant. We are proud of the services we have delivered to the Department of Defense's beneficiary population from the inception of DoD's nationwide managed health care program, and to the programs we are implementing and operating now. We are also proud of the partnership that has been forged between the DoD and Foundation Health Federal Services toward this effort. As you know, Foundation served the DoD beneficiary population in California and Hawaii under the initial CHAMPUS Reform Initiative program and currently holds contracts for Region 11 (Washington and Oregon) and Region 6 (the Texas area) and will shortly be delivering services again in Regions 9/10/12 (California and Hawaii) on April 1.

Foundation Health Corporation is an integrated managed care organization which administers the delivery of managed health services. Through its subsidiary operations, the company offers health care coverage to commercial employer groups, Medicaid beneficiaries, individual members and Medicare enrollees. The company also operates Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), and indemnity plans. The corporation in total serves over four million beneficiaries throughout 19 states. The organization has focused a significant effort on developing programs and supporting operations geared for government sponsored managed care plans. In addition, the company administers managed workers' compensation health insurance, and specialty health care in behavioral health, dental, vision, and pharmaceutical services.

Foundation Health Corporation has implemented managed care cost containment programs, cost-effective health delivery systems and medical information management in an effort to meet its business strategies and the purchaser's needs. The company has developed a diversified product line and has established a full range of medical delivery systems throughout the west, southwest and southeast areas of the United States.

I have been with Foundation Health Corporation since 1978. I am currently President and Chief Operating Officer of the Foundation Health Corporation Government Division which includes the direct responsibility for overseeing the implementation and operation of the CHAMPUS TRICARE contracts.

This Committee has had a long-standing interest in military medical care and has been an active participant in its development. Since you are clearly familiar with the design of the program and with much of its history, I want to take the next few minutes to outline for you what I see the program has done for the Department's beneficiaries and for the government itself.

The DoD is not unique in the challenges it faces with its own health care delivery system. Nationwide, we have experienced increasing costs, uneven access to health care services, and disparate benefit and cost-sharing packages across varied beneficiary categories. When DoD embarked on its comprehensive reform of the CHAMPUS system, it was on the cutting edge of change. DoD remains there as it has marched steadfastly ahead in implementing its managed care program nationwide. Over the past several years DoD has, consistent with its commercial counterparts, modified its programs in order to respond to downsizing, budgetary pressures and quality assurance and access issues. Change has been necessary and appropriate as we, collectively, move toward modifying the prior CHAMPUS program.

What the Department has ended up with is significant savings through each implemented regional contract. The initial California/Hawaii CRI contract had an ending cost over a five-and-a-half year period of approximately \$3.7 billion. The CRI contract price was an estimated 10% cost reduction from the previous standard CHAMPUS cost trends. Subsequently, through Foundation performance of the contract and through the savings sharing arrangements between the contractor and the government, an additional \$375 million in health care savings occurred over and above the initial 10% reduction and was returned to the government. The current California/Hawaii award is approximately \$2.5 billion over the five year period. The competitive environment, the inclusion of managed care technology and an effective use of military

treatment facilities have had a profound positive effect on reducing the cost to the government.

From a cost management perspective, similar effects have occurred in the other TRICARE regions:

- ♦ Region 11, which encompasses Washington and Oregon, had an original cost estimate of approximately \$600 million and was awarded at \$475 million.
- ♦ Region 6, which includes Texas, Oklahoma, Arkansas and portions of Louisiana, had an original cost estimate of approximately \$2.1 billion and was awarded at \$1.8 billion.
- ♦ Regions 3/4, which include 6 states in the Southeast, were originally estimated at \$4.5 billion and were awarded at \$ 3.8 billion.

Managed care and TRICARE have had a positive effect on standard CHAMPUS costs. Competition has further reduced the cost to the government.

TRICARE has improved the program for the beneficiaries as well.

Enrollment in the TRICARE Prime program has been threefold over original projections. This suggests that, even with the enrollment fee, the TRICARE program is a desirable option for beneficiaries.

The TRICARE program has expanded beneficiary choice in both benefit options and provider availability.

A civilian network is now available in regions where no defined network was available in the past.

TRICARE Service Centers staffed with beneficiary representatives and nursing personnel called health care finders are located throughout the region and create more accessibility for beneficiaries to care, information and issue resolution.

Beneficiaries now have access to the telephone health care information line which includes a health care audio tape library and telephone access to nursing personnel for health care advice when emergent needs arise.

The beneficiary benefits have been expanded to include preventive services and wellness education.

The resource sharing program, while still maturing in each region, will eventually create greater provider accessibility at the military treatment facility. The resource sharing concept permits the contractor, in coordination with the military treatment facility, to augment the facility with medical personnel, equipment or services which can enhance its capacity.

The TRICARE lead agent concept creates a regional contracting point of contact which permits consistent definition and application of medical policy and health care delivery throughout a region.

It's also important to note that these contracts bring good business into the communities as well. Prime contractors subcontract with local providers and health care delivery systems who are not in a position to perform as a prime contractor. Foundation uses subcontractors extensively for many functions including HMO and PPO hospital and physician services, triage services, information systems support and operations, resource sharing services with the military treatment facilities, and professional standards review services.

Most importantly, beneficiary satisfaction has been high. While no formal surveys on TRICARE have been undertaken at this point, the CRI beneficiary satisfaction consistently rated at 95% throughout the duration of the contract. There is no reason to believe that the satisfaction would not be similar in other regions as of this date. The beneficiary surveys are not scheduled in Region 11 until after the first year of operation. Such surveys would be too premature in other TRICARE regions.

Despite these successes, contracts of this size can not be procured, implemented, or operated without some difficulties.

- ♦ Procurement—As you well know, the procurement process is an extremely long effort. The Request For Proposals itself is extremely detailed. The response involves thousands of pages of text, and in very finite detail. The procurements can involve numerous amendments which further protracts the award process. However, it should be noted that each new request for proposals has been refined and improved.
- ♦ Implementation—Implementation time periods are extremely short. The complexity and detail of the program and the massive number of tasks require implementation attention. The program also effects massive numbers of beneficiaries and providers which complicates the ability to create ease in transition.
- ♦ Operations—From our experience, we have learned that it takes approximately 12 months after implementation for the Lead Agent and contractor relationships to cement. Over that first 12 month period, numerous operational and communication issues get worked and eventually lead to a smoother operational interface among the Lead Agent, the MTF staffs and the contractor.

In summary, Foundation is pleased to be providing services to Department of Defense beneficiaries. We look forward to continued participation, continued improvement and working with the Department to provide the best possible services to this population.

I appreciate this opportunity to appear before you and welcome any questions you might have for me.

Mr. DORNAN. The Associate Director for Health Care Delivery at General Accounting Office, Mr. Steve Backhus. Please go ahead and if you want to read your statement or shorten it, do as you choose.

**STATEMENT OF STEPHEN P. BACKHUS, ASSOCIATE DIRECTOR,
HEALTH CARE DELIVERY AND QUALITY ISSUES, U.S. GENERAL ACCOUNTING OFFICE**

Mr. BACKHUS. I will. Mr. Chairman, members of the subcommittee, thank you for this opportunity to be able to discuss TRICARE. I will keep my comments brief. I ask, though, that my prepared statement be made part of the record.

Mr. DORNAN. It shall be.

Mr. BACKHUS. Thank you. Mr. Chairman, the TRICARE program, as you have heard, is designed to improve access to care, ensure high quality, consistent health care services for military beneficiaries nationwide. It's also meant to preserve beneficiary choice and to contain DOD health care costs. These costs now run at about \$15 billion per year. TRICARE incorporates the cost control features of private sector managed care programs, makes extensive use of contractors such as Foundation to supplement the care provided in military hospitals.

In all, DOD is awarding seven 5-year contracts covering its 12 health care regions and totalling an estimated \$17 billion over those 5 years. There is a lot of money at stake here.

Mr. DORNAN. Wow.

Mr. BACKHUS. It is an expensive program. The department's goal is to have all these contracts awarded and the program fully operational by August, 1997. As you requested, Mr. Chairman, my testimony will address three issues: DOD's experiences with the initial TRICARE implementation, areas that the department needs to focus on over the next year, and retiree health care issues.

My comments today are based on an extensive body of work that we have completed over the past 9 years covering various aspects of TRICARE and its predecessor, the CHAMPUS Reform Initiative. It also covers work we now have underway.

In summary, Mr. Chairman, our TRICARE work to date has shown that despite procurement difficulties and the initial beneficiary confusion about the program, early implementation is going well. I echo those remarks of Major General Peake and Mr. Tough in that regard. However, I would like to throw out a caution, please. I believe that there are certain costs and access to care data needs that need to be collected now in order to help the Department and the Congress make an assessment of the program's success. Otherwise, we will find ourselves in a couple of years from now asking the question of whether this program is working.

Also, the retirees who represent about half of the eligible population for military health care remain very concerned, correctly so, about the implications of TRICARE on their access to medical services. I'd like to elaborate briefly, if I could, on these points. First, TRICARE, I believe, is moving forward toward meeting congressional and DOD expectations for the program. It is on schedule, and it appears to be very popular among the beneficiary population, particularly the dependents of active-duty members. As of

January 31, nationwide, at least for the one region that has been operating for a year and four other regions that have been operating for 4 months now, over 400,000 people have enrolled in TRICARE Prime. In the Northwest Region, two-thirds of all active duty dependents have enrolled.

That is not to say that TRICARE was without problems. You know, as would be expected for a program of this magnitude, TRICARE has encountered a number of obstacles, but it appears that the DOD has overcome most of these problems and learned from them as well. You know, interestingly, some of the problems that TRICARE encountered were a response to its popularity. In the Northwest Region, for example, 58,000 people enrolled in the first 4 months, and they only expected 28,000 people to enroll the entire first year. So as a result, there were—

Mr. DORNAN. How many again the first few months?

Mr. BACKHUS. There were 58,000 people who enrolled in the first 4 months. They expected 28,000 for the entire first year. This enrollment created a significant amount of confusion among the beneficiaries, and the folks were not equipped to handle it. Of course not. What happened was that Foundation had to hire some temporary employees who were not adequately trained or able to sufficiently address the beneficiaries' questions. That is the bad side. The good side is that in the Southwest Region, both the health care managers there and Foundation anticipated the problems or the early surge in enrollment, and they have got sufficient people trained and knowledgeable to handle this kind of enrollment. They have learned from it.

I would like to take a moment to talk about procurement, the procurement issues. Last August we reported that while the department had taken steps to improve future contract awards, there were several areas of concern that remained. We recommended that the Department consider the potential effects of competition on such large contracts, which exclude potentially a lot of potential bidders, and that they weigh the alternative award approaches, to ensure competition during the next round. We also urged that during the next round they attempt to simplify the requirements and incorporate best practices into the contracts, very similar to what Mr. Tough was suggesting earlier.

The Department agreed to these recommendations, but I feel the need for us and in discussion with your staff to followup on these issues some time later this year to make sure that this is underway, to begin a study of how well the Department's contractors are performing now.

The next issue I would like to discuss is the uncertainty regarding TRICARE's potential costs. The intent of Congress is that TRICARE must not increase the Department's health care costs, but factors that were seen in the early implementation may stand in the way of achieving that goal. For example, the ability of DOD to control its health care costs depends to a large degree on the extent to which beneficiaries who currently do not use the military system enter for care, thus generating higher overall costs. It does not appear to us, though, that the Department is taking the necessary steps to gather the data needed to determine whether this is, in fact, occurring.

Also, TRICARE depends on managed costs reduction techniques to achieve maximum efficiency in its facilities: Resource sharing between the contractor and the Department utilization management. It's our assessment as of this point in time that these measures continue to lag a bit; and, therefore, the actual effect eventually on TRICARE costs remains to be seen. We are also seeing what we believe are some gaps in the information that the Department is collecting to try to measure whether TRICARE is meeting and achieving its access to care goals. One of the primary purposes of this program is to increase the beneficiary access to care. Yet, we are not finding that the data collection efforts are underway to determine whether these primary care goal access standards are being achieved.

Now, I would finally like to just briefly talk about the retiree issue, if I could. Obviously, at issue is how the Department can provide care for these beneficiaries without impeding access to others or greatly increasing costs. The existing legislation in TRICARE funding considerations constrained DOD's ability to include these Medicare eligible people in the TRICARE program, as you mentioned in your opening statement. For some members of the community, Medicare and space available care are the only health care options that they have. And these beneficiaries are greatly concerned that combined with the effects of downsizing and base closures, this will push them entirely out of the system, the military system that is.

Several potential solutions have been offered, as you know, and I know you are going to be discussing these later in the hearing. The only point I would like to make here, sir, is that the cost and effectiveness of these programs and these proposals remain uncertain at this time, and that is a very important issue, as I know you know, that has to be discussed. As discussed with your staff in the coming months, we will explore the pros and cons of these alternatives that have been presented to address the issue.

In conclusion, Mr. Chairman, TRICARE represents a major change in the way the military provides for the health care needs of its people. And we would not expect an undertaking of this size to proceed without some problems, but the DOD has done well in overcoming them. However, we believe that unless the Department takes steps now to track certain cost and performance information, it will be difficult for us and you to measure the overall success of the problem. Mr. Chairman, this concludes my statement. I will be glad to respond to any questions you or other members of the subcommittee may have, and we in GAO look forward to continuing to work with this subcommittee as it exercises its oversight of this important program. Thank you.

Mr. DORNAN. Thank you, Mr. Backhus. Excellent statement also. [The prepared statement of Mr. Backhus follows:]

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Military Personnel, Committee on
National Security, House of Representatives

For Release on Delivery
Expected at 2:00 p.m.
Thursday, March 7, 1996

DEFENSE HEALTH CARE

TRICARE Progressing, but
Some Cost and Performance
Issues Remain

Statement of Stephen P. Backhus, Associate Director
Health Care Delivery and Quality Issues
Health, Education, and Human Services Division



GAO/T-HEHS-96-100

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss the Department of Defense's (DOD) implementation of its nationwide managed health care program--TRICARE. The changes embodied in the TRICARE program represent a sweeping reform of the \$15 billion per year military health care system.

Among TRICARE's goals are to improve access to care and ensure high-quality, consistent health care benefits for the 1.7 million active-duty Service personnel¹ and some 6.6 million nonactive-duty beneficiaries. It also seeks to preserve choice for nonactive-duty beneficiaries by giving them the option of enrolling in TRICARE Prime, which is like a health maintenance organization; using a preferred provider organization called TRICARE Extra; or using civilian health care providers under a fee-for-service arrangement like the current CHAMPUS program.² Another system goal is to contain DOD's health care costs.

We have reported several times over the past 9 years on DOD's efforts to reform the military health care system and on the evolving development of TRICARE.³ Now that TRICARE is well into implementation in some areas of the country and beginning to be implemented in others, we appreciate this chance to discuss what is occurring as the program moves from the drawing board toward becoming a real part of the lives of the people served by military health care.

You asked that we talk about DOD's experience in enrolling people and delivering health care to them under the program. In this regard, we would like to focus on four issues:

- First, whether DOD's experiences with initial implementation of TRICARE have produced the outcomes DOD expected;
- second, how early outcomes may affect costs;
- third, whether DOD has defined and is capturing the information needed to manage and assess TRICARE's performance; and

¹Includes members of the Coast Guard and the Commissioned Corps of the Public Health Service and of the National Oceanic and Atmospheric Administration who are also eligible for military health care.

²The Civilian Health and Medical Program of the Uniformed Services is a DOD program to finance private sector care for dependents of active-duty members; and retirees, survivors, and their dependents.

³See appendix I for a listing of related GAO products.

-- fourth, concerns about the health care needs of retirees.

My comments today are based on an extensive body of work we have completed and have under way covering various aspects of TRICARE.

In summary, our TRICARE work to date has shown that despite initial beneficiary confusion caused by education and marketing problems, early implementation of the program is progressing consistent with congressional and DOD goals. Steps may be necessary now, however, such as gathering certain cost and access-to-care data to help improve DOD's and the Congress' ability to assess the program's success in the future. In addition, retirees, who represent about one-half of the population eligible for military health care, remain concerned about the implications of TRICARE on their access to medical services.

TRICARE's ORIGINS AND DEVELOPMENT

Before DOD's transition to managed care, the military health services system consisted of military hospitals and clinics supplemented by a fee-for-service insurance program known as CHAMPUS. This system lacked sufficient incentives and tools to control expenditures and provide beneficiaries accessible care on an equitable basis. DOD's frequently large CHAMPUS cost overruns and other system shortcomings prompted the Congress to authorize demonstrations of alternative health care delivery approaches. DOD's experience with these initiatives culminated in its decision to implement TRICARE for military beneficiaries.

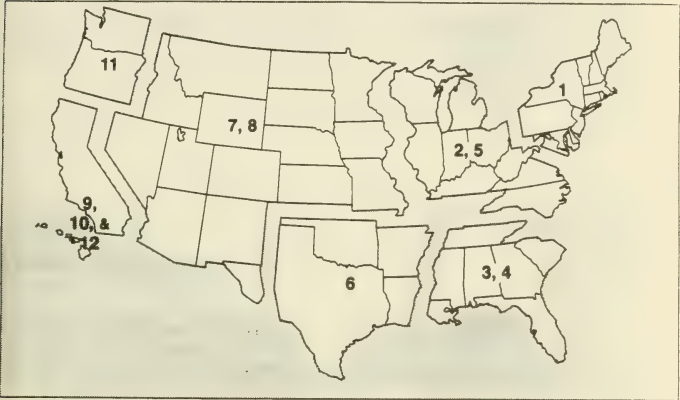
TRICARE's implementation is occurring in a rapidly changing military environment. Post-cold war contingency planning scenarios, efforts to reduce the overall size of the nation's military forces, federal budget reduction initiatives, and base closures and realignments have heightened scrutiny of the size and makeup of DOD's health care system, how it operates, who it serves, and whether its missions can be satisfactorily carried out in a more cost-effective way.

TRICARE incorporates cost-control features of private sector managed care programs, such as primary care managers, capitation budgeting, and utilization management.⁴ One significant feature retained from the earlier demonstration programs is the use of contracted civilian health care providers to supplement care provided in military hospitals. DOD estimates that these

⁴Utilization management involves the use of such techniques as preadmission hospital certification, concurrent and retrospective reviews, and case management to determine the appropriateness, timeliness, and medical necessity of an individual's care.

contracts will cost about \$17 billion over the 5-year contract period. In all, DOD is awarding seven 5-year contracts covering its 12 health care regions, as shown in figure 1. Thus far, DOD has awarded four of the seven contracts. DOD's goal is to have all contracts awarded and the TRICARE program fully operational by August 1997.

Figure 1: DOD Regions Served by the Seven Managed Care Support Contracts



Note: Managed care support for Alaska will be addressed separately from these regions.

Last year, after reviewing early TRICARE procurement problems, we reported that while DOD had taken steps to improve future contract awards, several areas of concern remained.⁵ Among our recommendations--which DOD agreed to adopt--were that DOD consider the potential effects on competition of such large TRICARE contracts and weigh alternative award approaches to help ensure competition during the next procurement round. We also urged, and DOD agreed, that DOD try to simplify the next round's

⁵Defense Health Care: Despite TRICARE Procurement Improvements, Problems Remain (GAO/HEHS-95-142, Aug. 3, 1995).

solicitation requirements and seek to incorporate best-practice, managed care techniques in the contracts. We plan to follow up on these issues and to begin a study of how well DOD's contractors are performing under the current contracts.

TRICARE IMPLEMENTATION IS PROCEEDING
DESPITE SETBACKS

Despite procurement and other unanticipated obstacles, DOD's early implementation of TRICARE appears to be moving forward toward meeting congressional and DOD expectations for the program. After some initial problems, DOD is enrolling large numbers of beneficiaries into TRICARE Prime. It has also succeeded in encouraging Prime enrollees to select military health care providers--the source of care that DOD believes is more cost-effective than civilian-provided care. DOD is also addressing implementation problems that early on have caused confusion for beneficiaries and difficulties for military health care managers.

As of January 31--after fewer than 12 months of operation in one region and fewer than 4 months in four others--over 400,000 people have enrolled in TRICARE Prime.⁶ As DOD intended through its marketing efforts, many active-duty dependents have chosen to enroll in TRICARE Prime.⁷ For example, in the Northwest Region, about two-thirds of active-duty dependents have chosen this option. Also, in those regions under way, the bulk of those beneficiaries choosing Prime have enrolled with military, as opposed to civilian, health care providers.

DOD has encountered a number of unanticipated obstacles as it implements TRICARE. For example, in the Northwest Region, the first region to begin enrollment, DOD saw much higher, much faster rates of Prime enrollment than expected--58,000 people enrolled in just 4 months, compared with the 28,000 that were expected in the first year. This created a significant amount of confusion among beneficiaries because the contractor had to hire temporary employees who were not adequately trained and were not able to sufficiently address beneficiaries' questions. However, the Southwest Region's managers and contractor learned from the Northwest's experience and avoided these problems by anticipating an early surge in enrollment and making sure sufficient numbers of adequately trained staff were ready to handle it.

⁶400,000 enrollees does not count active-duty military personnel, who are automatically enrolled in TRICARE Prime.

⁷Active-duty dependents tend to have a high level of reliance on the DOD health system.

DOD also has learned that marketing and beneficiary education efforts must be a continuously coordinated process. Even in the Southwest Region, where marketing and education efforts have, for the most part, gone smoothly, beneficiaries continue to express confusion about such program details as cost sharing and how to make appointments. As a result, DOD has reemphasized marketing and education as an ongoing priority, as well as the need to further focus education programs on its own health care providers--staff who have daily face-to-face contact with beneficiaries.

COST ISSUES HAVE EMERGED DURING EARLY IMPLEMENTATION

As DOD implements TRICARE, it faces uncertainties regarding the program's potential costs. The intent of the Congress is that TRICARE must not increase DOD's health care costs. However, factors we are seeing in TRICARE's early implementation, both within and outside DOD's and its managed care support contractors' control, may stand in the way of achieving this goal.

DOD's ability to control its health care costs depends to a large degree on the extent to which beneficiaries who currently do not use military health care enter the system for care, generating higher costs. If large numbers of people stop using other sources of care and begin to use military care, the overall cost of the system will increase. It will be important for DOD to know the extent to which this phenomenon has occurred as it analyzes the cost-effectiveness of the TRICARE reforms. DOD does not now appear to be taking the steps needed to gather the demographic and other data to do this. We are continuing to explore this question with DOD as part of our ongoing work.

Also, TRICARE depends on managed care cost-reduction techniques to achieve maximum efficiency of its military facilities and control rising health care costs. Strategies such as sharing resources with the support contractor and managing beneficiaries' utilization of health care services are key to TRICARE's success. However, implementation continues to be a problem, and the actual effect of these measures on overall TRICARE costs remains to be seen. Early indications are that confusion exists among military health care managers and DOD's contractors about resource sharing under TRICARE.⁸ The details of how agreements should be developed appear to be not well understood. Similarly, DOD and its contractors have not fully incorporated utilization management at the hospital level,

⁸Resource sharing allows the contractor, through agreements with DOD, to provide personnel, equipment, or supplies to a military facility to improve its capability to provide care.

despite intentions to do so at the start of health care delivery under TRICARE. DOD officials told us that they plan to provide additional training for resource sharing and to work with the contractors to improve utilization management.

UNRESOLVED PERFORMANCE DATA ISSUES

Because of TRICARE's newness, size, and complexity, appropriate and effective information management has become increasingly important. We see some gaps in DOD's efforts to obtain and analyze the information it will need to evaluate whether TRICARE is meeting its goals of providing beneficiaries increased access to high-quality care while controlling system costs.

For example, in addition to the information DOD needs to analyze the program's potential costs, military health care managers are not currently measuring whether TRICARE is meeting DOD's standards for beneficiary access to primary care services--a long-standing area of beneficiary dissatisfaction. While DOD expects to have the capability to gather this information in the future, in the interim, without this information it will be difficult to determine whether DOD has accomplished a pivotal TRICARE goal of improving beneficiaries' ability to obtain the services they need.

CARE FOR MILITARY RETIREES

Care for military retirees, their dependents, and survivors is an important issue for both beneficiaries and DOD. Concerns about their access to military health care services, as well as Medicare-eligible beneficiaries' ineligibility for CHAMPUS, existed before TRICARE and would still exist regardless of whether TRICARE had been instituted. At issue is whether, and if so, how, DOD can help provide care for retirees without impeding access for other beneficiaries or greatly increasing costs.

Currently, military retirees, survivors, and their dependents make up over half of all those eligible for care and almost a third of those, about 1.2 million people, are age 65 and over. This Medicare-eligible population is expected to grow by 25 percent through the year 2002, while the number of the rest of the military population is expected to decline. DOD has traditionally treated many retired beneficiaries in military hospitals on a space-available basis. DOD officials contend that some care of this population is important for training and practice needed to maintain wartime readiness of their physicians because it adds to their range of experiences. However, DOD's health care eligibility legislation and funding considerations in TRICARE constrain DOD's ability to include Medicare-eligible beneficiaries in the TRICARE program.

For some of these members of the military community, Medicare and space-available care in military hospitals are their only health care options. These beneficiaries are greatly concerned that TRICARE, combined with the effects of base closures and downsizing, will push them entirely out of the military health care system. This issue was raised repeatedly in focus groups assembled by DOD in the Northwest and Southwest Regions.

Several potential solutions have been offered by DOD, beneficiary groups, and the Congress, including (1) reimbursement to DOD by the Health Care Financing Administration for care provided to Medicare-eligible beneficiaries (known as Medicare subvention), (2) extending CHAMPUS coverage to beneficiaries aged 65 and over as a second payer to Medicare, and (3) offering coverage under the Federal Employees Health Benefits Program. The cost and effectiveness of these and other proposals remain uncertain but are obviously very important.

As discussed with your staff, in the coming months we will explore the pros and cons of proposed alternative solutions to address this issue.

CONCLUSION

TRICARE represents a major change in the way the military provides for the health care needs of its people. We would not expect an undertaking of this size to proceed without some problems, and DOD has done well in overcoming early difficulties. However, we believe that unless DOD takes steps now to track certain cost and performance information, it will be difficult to measure the overall success of the program. Also, an important unanswered question is how DOD can help provide care for retirees without impeding access for other beneficiaries or greatly increasing costs.

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Mr. Chairman, this concludes my prepared statement. I will be glad to respond to any questions you or other members of the Subcommittee may have. We look forward to continuing to work with this Subcommittee as it exercises its oversight responsibility for this important program.

<p>For more information on this testimony, please call Daniel M. Brier at (202) 512-6803. Other major contributors include Bonnie Anderson, Sylvia Jones, David Lewis, Allan Richardson, and Catherine Shields.</p>

APPENDIX I

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RELATED GAO PRODUCTS

VA Health Care: Efforts to Increase Sharing With DOD and the Private Sector (GAO/T-HEHS-96-41, Oct. 18, 1995).

Defense Health Care: Despite TRICARE Procurement Improvements, Problems Remain (GAO/HEHS-95-142, Aug. 3, 1995).

Defense Health Care: Problems With Medical Care Overseas Are Being Addressed (GAO/HEHS-95-156, July 12, 1995).

Defense Health Care: DOD's Managed Care Program Continues to Face Challenges (GAO/T-HEHS-95-117, Mar. 28, 1995).

Defense Health Care: Issues and Challenges Confronting Military Medicine (GAO/HEHS-95-104, Mar. 22, 1995).

Defense Health Care: Challenges Facing DOD in Implementing Nationwide Managed Care (GAO/T-HEHS-94-145, Apr. 19, 1994).

Defense Health Care: Expansion of CHAMPUS Reform Initiative Into DOD's Region 6 (GAO/HEHS-94-100, Feb. 9, 1994).

Decision Regarding Protests Filed by Foundation Health Federal Services, Inc. and QualMed, Inc. (Redacted Version) (B-254397.4, and others, Dec. 20, 1993).

Defense Health Care: Expansion of the CHAMPUS Reform Initiative Into Washington and Oregon (GAO/HRD-93-149, Sept. 20, 1993).

DOD Health Care: Further Testing and Evaluation of Case-Managed Home Care Is Needed (GAO/HRD-93-59, May 21, 1993).

Defense Health Care: Lessons Learned From DOD's Managed Health Care Initiatives (GAO/T-HRD-93-21, May 10, 1993).

Defense Health Care: Additional Improvements Needed in CHAMPUS's Mental Health Program (GAO/HRD-93-34, May 6, 1993).

Defense Health Care: CHAMPUS Mental Health Demonstration Project in Virginia (GAO/HRD-93-53, Dec. 30, 1992).

Defense Health Care: Efforts to Manage Mental Health Care Benefits to CHAMPUS Beneficiaries (GAO/T-HRD-92-27, Apr. 28, 1992).

Defense Health Care: Obstacles in Implementing Coordinated Care (GAO/T-HRD-92-24, Apr. 7, 1992).

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Defense Health Care: Implementing Coordinated Care--A Status Report (GAO/HRD-92-10, Oct. 3, 1991).

The Military Health Services System--Prospects for the Future (GAO/T-HRD-91-11, Mar. 14, 1991).

Defense Health Care: Potential for Savings by Treating CHAMPUS Patients in Military Hospitals (GAO/HRD-90-131, Sept. 7, 1990).

Potential Expansion of the CHAMPUS Reform Initiative (GAO/T-HRD-90-17, Mar. 15, 1990).

Implementation of the CHAMPUS Reform Initiative (GAO/T-HRD-89-25, June 5, 1989).

Defense Health Care: CHAMPUS Reform Initiative: Unresolved Issues (GAO/HRD-87-65BR, Mar. 4, 1987).

(101490)

Mr. DORNAN. Mr. Pickett, did you want to make an opening statement, and then you can begin a round of questioning of this panel if you choose?

Mr. PICKETT. Mr. Chairman, I apologize for being late. I do have a statement which I will simply submit for the record in order to conserve some time, and I am sorry I did not hear all the testimony of our witnesses.

[The prepared statement of Mr. Pickett follows:]

OPENING STATEMENT

HON. OWEN PICKETT
before the
Subcommittee on Military Personnel

Hearing on
Tricare Managed Health Care Program

Thursday, March 7, 1996

THANK YOU, MR. CHAIRMAN.

I FULLY AGREE THAT MEDICAL CARE IS A KEY QUALITY OF LIFE ISSUE. ACCESS TO QUALITY, LOW-COST HEALTH CARE CONSISTENTLY RATES HIGH ON EVERY QUALITY OF LIFE SURVEY OR ASSESSMENT CONDUCTED. IT IS OF TREMENDOUS CONCERN AND VALUE TO THE MEN AND WOMEN WHO SERVE OUR NATION TODAY, AND IS EQUALLY IMPORTANT TO HUNDREDS OF THOUSANDS OF MILITARY RETIREES.

I AM ANXIOUS TO LEARN HOW IMPLEMENTATION OF THE TRICARE SYSTEM IS PROCEEDING TO BETTER UNDERSTAND ITS ABILITY TO PROVIDE ACCESS TO QUALITY MEDICAL CARE FOR THESE MILITARY BENEFICIARIES. IT IS ALSO OF INTEREST TO ME TO BEGIN EXPLORING WORKABLE

SOLUTIONS FOR MEETING THE MEDICAL NEEDS OF MILITARY RETIREES, PARTICULARLY THOSE ELIGIBLE FOR MEDICARE.

THE CURRENT SYSTEM OF PROVIDING CARE TO MILITARY RETIREES IN MILITARY TREATMENT FACILITIES DOES NOT WORK VERY WELL, AT LEAST NOT IN MY DISTRICT. IT OPERATES ON THE PRINCIPLE OF THE "SQUEAKY WHEEL." THOSE INDIVIDUALS WHO "MAKE A SCENE" BY BEING VOCAL AND PERSISTENT AT THE FRONT DESK OF A MILITARY MEDICAL FACILITY ARE THE ONES MOST LIKELY TO GET THEIR DEMAND FOR MEDICAL CARE MET. THERE HAS TO BE A BETTER AND MORE EQUITABLE WAY OF PROVIDING FOR THESE WELL-DESERVING RETIREES. THE MEMBERS OF THIS SUBCOMMITTEE HAVE THE RESPONSIBILITY TO FIND THE ANSWER.

THIS HEARING FOCUSES ON A VERY CHALLENGING, IMPORTANT, AND TIMELY ISSUE. I THANK YOU, MR. CHAIRMAN, FOR HOLDING IT.

Mr. PICKETT. But I guess the first question I have would be for Mr. BACKHUS, and that is you have made several references to the need for accurate and reliable data in order to evaluate the effectiveness of the program. How long will it take for that data to be available?

Mr. BACKHUS. The situation I was alluding to is not going to be available unless there are some decisions made to collect and some definition given to the precise things.

Mr. PICKETT. Why do you not be a little more specific? Tell me what they are doing wrong and what they have to do to correct it.

Mr. BACKHUS. OK. The kind of data we are talking about here, at least as far as related to costs—OK, let us talk about costs first—has to do with the extent to which people who do not now rely on the health care system, the military health care system, are going to want to and do enroll in TRICARE. The provisions of the legislation say that the system needs to stay within certain cost parameters that exist now. If a lot of folks come in who have not yet used the system before, it can drive the total costs up. More beneficiaries more costs. We need to find out how many people there are like that. How many people have other insurance or have dropped that insurance to use the military health care benefit, TRICARE? That is one piece of information.

Another piece of information has to do with whether this program is achieving the goals that are set out for access to care and improving people's access to care. You know you have heard the stories, we have all heard the stories over the years about how people cannot get into the system. This program is going to solve that problem, I believe. At least it is well on the way. But we do not know, and there is no data being collected to determine how long it takes people to get access to the doctors they need to see, how long it takes them to make an appointment, how long it takes them to get specialty care, primary specialty care, whether the emergency services are available, and et cetera, et cetera, et cetera. There are particular standards that have been established that we need to know sooner or later, hopefully sooner, whether the program is achieving.

So those are two. Those are the primary two. This project that we have underway now is attempting to put more definition than even this, and what I have is preliminary information. We are expecting by sometime in May or June to have a report available that details——

Mr. PICKETT. Of this year?

Mr. BACKHUS. Yes. Yes. That details this. And we will be working with Dr. Joseph and the others in DOD to even get more specific than that to work this out.

Mr. PICKETT. Would you expect the operations of the TRICARE program to roughly parallel operations of other similar organizations, medical provider organizations?

Mr. BACKHUS. Absolutely. Yes, that is what I think we are talking about here is at least for TRICARE Prime an HMO, a health maintenance organization, where people enroll, they get their primary care through a gatekeeper who manages that care for them, that the statistics and the data that are available to manage that organizations are very much the same, you know, in order to deter-

mine what your staffing needs are, what your equipment needs are, what your resource needs are. Mr. Tough probably is better equipped in answering that than I, but I would say that it very much parallels what goes on in the private sector.

Mr. PICKETT. To what extent will the provision of certain other medical services in military treatment facilities complicate this comparison?

Mr. BACKHUS. It complicates it in that the data systems in the military hospitals are not able to capture the kind of data that we are talking about here. That has been a problem for a number of years now. It needs to change, but the fact that they are enrolling people, assigning military health care providers as the gatekeepers, referring people to specialists in the military health care system, all of that can work and should work the same way as it works in the private sector.

Mr. PICKETT. Have you had occasion to make any review of the recordkeeping practices of the military hospitals in region 11?

Mr. BACKHUS. No. By recordkeeping do you mean?

Mr. PICKETT. The data that you were making reference to that you assumed would not be available from the military treatment facilities?

Mr. BACKHUS. Yes, we did do that. Yes; we did. We were there in region 11. We were there in 9, 10 and 12, and we have been to region 6.

Mr. PICKETT. And have you recommended to these hospitals that they initiate the required recordkeeping practices to accumulate the required information?

Mr. BACKHUS. Well, we are not finished with the project yet. We have discussed it with them. I have not spoken personally with General Peake, but I know that before we left there, the staff from GAO did speak with him about it. I should let him speak for himself as to how he believes this issue plays out, but I do not think we have any disagreement.

Mr. PICKETT. General Peake.

General PEAKE. Sir, we do need to measure those kind of things. We have gone after them in a variety of ways with a centralized appointing system there, at least in the western part of our region. We have a pretty good handle on appointments, and we have tried to get after that data. We think we are doing pretty well with it. The satisfaction surveys would suggest that we are doing pretty well with it in terms of the access issues.

The issue of ghost populations, which is really what Mr. Backhus is talking about, those folks that have not been users, that is a difficult one to get a handle on. We have had some difficulty. But there is a survey that comes out on a routine basis that should give us some evidence that we are or are not seeing a larger number of users, and we look forward to seeing the results of that survey. Under Dr. Joseph, there has been a real push to try to figure how do we do a better job of getting the information systems into our hospitals and the information systems between the contractor and the MTF's is a very important thing to us. And that will, I think, evolve over time, and I think it needs to be the kind of things that are written into the contracts to make sure that that kind of thing evolves.

But you do need the management information to do well, and so I would agree we really do not have a fundamental disagreement. I guess I would say that we are trying to get after each of those pieces of data with the systems that we do have.

Mr. PICKETT. In making the estimates for the operation of the program, was any assumption made about what the per capita costs would be for those who enrolled?

General PEAKE. Steve, you might answer that. That may have been a way that the contractor, in fact, made the bid.

Mr. TOUGH. Yes. In fact, it is not done on a per capita basis. It is done on a cost, all in cost basis with all the beneficiaries; assume that you have all responsibility for all health care costs in the region. And then we make various assumptions on how we might be able to influence those cost elements by utilizing, maximizing not only contracting physicians in hospitals but the use of the MTF, and we make various assumptions about resource sharing and how we can increase the availability of health care at the MTF to maximize the use of the MTF. But it is not broken out in the normal course of commercial enterprises where you calculate on a per member-per month basis.

General PEAKE. Sir, perhaps in the next panel, Dr. Joseph might be able to address that specific issue.

Mr. PICKETT. Well, I am just going to say here that I think it is absolutely essential that an effort be made to accumulate data that would enable an evaluation of the program based on a per capita cost to operate it. And Mr. Backhus, I will quit here in just a moment. I started off asking the question when we could expect to get some reliable data on how the program is operating, and if there are indeed any surprises, and particularly in the cost of the program, and again can you give me an estimate of when such information may be available to this subcommittee?

Mr. BACKHUS. Well, I would guess, my best guess here would be based on the plans to survey beneficiaries and some working out of arrangements, I believe, of some of the data problems that exist now that perhaps a year from now we should have a pretty good idea.

Mr. PICKETT. It is going to take a year before you are going to have any indication of whether you are on course or off course or?

Mr. BACKHUS. I think this cost issue is a tough thing to measure, and by the time you get the data on the usage and see some experience here and are able to compare that and contrast that with what is occurring in the rest of the country where TRICARE is not yet implemented, it may take that long.

Mr. PICKETT. Mr. Chairman, I am going to conclude my questions at this point. I know that there is a lot to be heard this afternoon, but I would certainly hope that we would be able to get some reliable information before a year is up on how this program is operating. Thank you very much, gentlemen.

Mr. DORNAN. Of course. Mr. Tough, did you want to comment on any of Mr. Pickett's questions?

Mr. TOUGH. No. I am just in agreement that we are striving to secure that information. We have two aspects of the organization or the program where data is accumulated. One is at the MTF and the other is in our contracting systems, and the objective is to try

to bring that data together so we can make some logical per capita discussions. I think this is clearly where we are headed. I have to say that I have to defer those as to terms of timing, but we are striving rapidly to try to secure that information.

Mr. DORNAN. All right. Mr. Buyer, of Indiana.

Mr. BUYER. Thank you, Mr. Chairman. General Peake, in your region, when you went to the TRICARE, can you tell me what changes you had to make, if any, with regard to your force structure?

General PEAKE. We had done some preliminary work, sir, in terms of kind of reorganizing our product lines to emphasize the importance of primary care. So we took our primary care clinic that had generally been family practice, and we augmented that by working a prime portal for pediatrics, and then we took our internal medicine and a general outpatient client and we reorganized that so that could actually become a primary care manager site because what we wanted to do, sir, is be able to not have folks go downtown for primary care but reach out and take care of them ourselves and keep all that referral process in-house so that we could keep our own facility and our specialists appropriately utilized.

So that was, I guess, our largest reorganizing effort, and that was done really in preparation for TRICARE, and it worked, I think, very well to be able to have those portals fully established. In addition, sir, Bremerton had kind of worked the same way, and we had worked collaboratively with the other services to try to make that happen.

Mr. BUYER. Are you comfortable?

General PEAKE. Yes, I am, sir.

Mr. BUYER. I know that in the face of the downsizing, I remember the hearing we had here last year, there was the recommendation from the Joint Staff. The gentleman came over and was pretty hard, and I mean Dr. Joseph was not going to go along with some of those recommendations, which I recall from that hearing. But whether we are here dealing with the military health care delivery system or that of the VA, it gets very difficult for us to begin to justify certain structures with regards to how these medical institutions are put together; but if we are going to, see, I am one that does not want to reduce that much the size of our medical force. At the same time, I am not one who is willing to reduce the size of our officer corps because I recognize in time of need you better be able to be rank heavy, whether it is your officer corps or your senior NCO's because you can build the force.

But once you take away, it makes it that much more difficult in times of need. So I like this so far from what I have seen, being able to maintain some structures out there at the same time if we can achieve the goal of opening up access without increasing costs. And that is the real overall challenge.

General PEAKE. About 600 of those people, of those green suiters out there, could get turned around and go out the door tomorrow because I got a combat support hospital, I got the 62d Medical Group out there, and those are the professional fillers that move right into those TO&E units that would go to Bosnia or wherever

we are assigned to go. So that is an important part of that force structure, so we do not want to see it go away either.

Mr. BUYER. Let us take it right down to the inside baseball. When I hear gentlemen here from GAO talk about the utilization management lags a bit, I am not sure I know what that means; and hopefully you can define that, but within the military structure. Obviously, I mean from what I recall of the military, there are some intense downstream pressures with regard to my officer efficiency reports. I mean if I am a hospital commander out there, and I am given a particular budget, it may not look so good if I am always having to ask for more money; therefore, I must not either be managing it properly or that moneys allocated were not, I mean something is not going correctly.

So would you please for my comfort level, general, tell me a little bit about the inside baseball on how this works for utilization management and then I would like a comment, for you to explain to me where you believe it lags, and if the contractor has any response.

General PEAKE. In terms of utilization management, just before I left Madigan, we had basically the auditorium full of all of our leaders, and we sat down and we walked slide by slide through how are we doing with taking care of the Medicare-Medicaid population, how are we doing with the cost within each individual department, how are we doing, you know, one parameter after another. I mean it is the leaders there that are in tune with that. We want to have that kind of data so that they can improve and people realize we are on a capitated budget. We are on a fixed budget, and it has got to be a certain level so that we do it well, but within that, we want to manage our resources most appropriately to take care of the most people and do it in a high quality fashion.

So I think that there is not infinite pool of money and just churning more patients does not get us more money or anything like that, and so we have to make appropriate management decisions, and by powering that down all the way out to the department chiefs and service chiefs, we look for those efficiencies, and some of that has to do with utilization management and looking at our lengths of stay. We pushed to improve and increase ambulatory surgery. We have just done a major change to try to increase the amount of ambulatory surgery, and we just closed a ward. But what we need, sir, is to be able to have the ability to manage our folks according to our budget and not some arbitrary number of civilians, as an example, but to be able to reap those savings that will allow us to be an efficient managed care organization and compete effectively with the civilian community.

Mr. BUYER. Has a commander, has a hospital commander out there within your region had to place a request for more funds?

General PEAKE. Sir, last year across the board I think we did OK. For 1997, I am very concerned, and we want to make sure that we have the appropriate amount of funds.

Mr. BUYER. Can you be responsive to me? When you commanded that region, did any of those MTF commanders have to request more money? How is it being managed?

General PEAKE. Well, we are part of a larger command. In fact, there is money that moves back and forth between the headquarters. We got some money at the end of the year.

Mr. BUYER. OK.

General PEAKE. From our higher headquarters.

Mr. BUYER. That is OK. If you do not know at the moment, could you get that information for me?

General PEAKE. Yes, sir, I sure can.

[The information referred to was submitted for the record:]

TRICARE

As the Lead Agent for Region 11, General Peake has no budget authority over the medical treatment facilities within his region. Lead Agents do not control the operating budgets of the activities within their region. Financial stewardship is given to the individual treatment facility commanders who answer to their respective Service's higher headquarters. In addition to being the Lead Agent, General Peake was also the Commander, Northwest Health Service Support Area (NWHSSA) and Commander, Madigan Army Medical Center. As a HSSA commander he was also responsible for all Army Medical Department funds within his region.

At the end of fiscal year 1995 Madigan Army Medical Center requested an additional \$733,000 to meet a funding shortfall. The Alaska Medical Department Activity requested additional CHAMPUS dollars during fiscal year 1995 when a power outage temporarily forced beneficiaries to use civilian medical facilities. The Medical Command provided Madigan Army Medical Center \$733,000 to cover their shortfall. The Northwest Health Service Support Area reprogrammed \$136,000 in CHAMPUS dollars from Madigan to Alaska to cover their requirement.

Mr. BUYER. Would you please let me know where you believe the utilization lags a bit? And that will conclude my questions.

Mr. BACKHUS. Yes, I will try. This program utilization management has four components. There is the pre-admission kind of review that medical people will make to determine that a hospital admission is appropriate. There is a concurrent review that takes place while the person is in a hospital to make sure that the length of stay is appropriate, and then there is a retrospective review after the fact where folks will look at the records to determine whether the care was delivered in the most efficient way.

The fourth component is case management, where if I am the patient and I am chronically ill, the manager, case manager tries to find the most effective and efficient way to treat that person, be it through home care or outpatient care. It is those kinds of things that you are looking for. Efficiency. The two areas that we think that there may be some lag here, and again this is part of this current effort—OK—so between now and June, we are going to be trying to put this together.

In region 6, Foundation is doing that utilization management function for the MTF's. I believe that there was some payment withheld, some payment withheld to Foundation because the case management portion just was not up to speed yet.

Mr. BUYER. That gets attention.

Mr. BACKHUS. Pardon?

Mr. BUYER. That can get attention.

Mr. BACKHUS. So that is one example. OK. The other example has to do with region 11, and in this case the military folks are doing the utilization management function in their facilities, and it just did not get the gun until after the contract was awarded and

in place and running, but now it is. So it is a function that has not quite gotten off the ground as well as it should have.

Mr. BUYER. All right. Do you have any comment you can add? Other than that, I have no further questions.

Mr. TOUGH. I can only summarize it as a work in progress. And I think, again, what I like to say is you have got a contract in region 11 that has come up not quite a year yet. You still have a lot of bumps and grinds in just getting a universe of people educated on how it works both internally in the MTF, in the civilian sector, and in the beneficiary world. You are talking about thousands and thousands if not hundreds of thousands of people who have to get the word. So you are focused on perhaps first things first, get the program stabilized, get it operational, make sure people understand you can satisfy their personal needs, get them connected to physicians, get them used to a system they are unfamiliar with, and then pop your head out of it and look at the management of it internally, and this is where I think we have worked effectively with region 11 staff in trying to take some of the metrics that were used in the civilian sector in the HMO world in terms of days per thousand, cases per thousand, use per thousand and try to permeate it over into the MTF world for prime enrollees assigned to the MTF, which is where I think Mr. Backhus is directing this.

I believe while we probably have not adequately shared that with GAO yet, I think we are in the process, and I think we ought to permit the program to operate to get to that point, and then we will be able to supply that data.

Mr. BUYER. I think what you are doing is a tremendous undertaking. I mean this is a pretty awesome. Thank you for your testimony.

Mr. DORNAN. All right. Thank you. Sonny, Mr. Montgomery, did you have any questions, sir?

Mr. MONTGOMERY. I do not. I do have something for the record that I would like to put in the record for our next witness. Thank you, sir.

Mr. DORNAN. It will be done.

[The information referred to can be found on page 190.]

Mr. DORNAN. Mr. J.C. Watts, do you have any questions, sir?

Mr. WATTS. Thank you, Mr. Chairman. I do for Mr. Backhus—GAO: GAO has stated that the members of the DOD source selection evaluation board have little or no experience with private sector managed care plans and thus have difficulty distinguishing among offerers who can perform effectively in the private sector and those who are less effective in the private sector and those who are less effective in assuring quality care and controlling costs.

And I have a couple questions concerning that. One, has DOD done anything to substantially change the way they select contractors for these multibillion dollar contracts, and has DOD developed or looked at any alternative award approaches for the next generation of procurement awards?

Mr. BACKHUS. That statement that you attributed to us, it is accurate, it is correct. It comes out of a report that we issued last August. That was the last time we examined in detail the procurement process. It, I believe, comprehensively looks at the whole TRICARE procurement issue; it makes a number of recommenda-

tions designed to make it better, some of which can be implemented now, some of which probably have to wait until the next round of procurements occurs, which is not until the year 2000, February, 2000.

In summary, this report does talk about the failure in some cases of DOD to evaluate the offerers' proposals in accordance with the criteria, and perhaps some of the folks who were doing that evaluation did not necessarily have the expertise that one would expect for such a large procurement, that the procurements take a long, long time to do, and it goes on. So our recommendations, and also as I pointed out in the statement, are designed to see if the Department, does several things. First, to specify beforehand what the needed qualifications of the people are that have to be evaluating the proposals. And, therefore, that would allow the Department to seek out those particular individuals and make sure that they are right ones to be on the evaluation boards. We also have recommended that the Department consider alternative approaches for trying to work into this process a way to allow bidders to propose "best practices," you know those innovative things that are occurring in the managed care arena, to gain more efficiencies.

The Department agreed with these recommendations, and what I am not sure about is the extent to which they have been implemented yet. I feel that it is time now—it has been August since we issued this report—to look at that again to see the extent to which those recommendations have been implemented and to see how effectively they are working.

Mr. WATTS. Major General Peake, would you like to address any of that or add to what Mr. Backhus said?

General PEAKE. I cannot add to that from the region 11 experience.

Mr. WATTS. Thank you, Mr. Chairman.

Mr. DORNAN. Mrs. Harman of California, do you have any questions?

Mrs. HARMAN. Mr. Chairman, I do not for these witnesses, but I would observe that again this year the testimony is excellent, and I am very encouraged by the quality of medical care we provide in the military. Thank you.

Mr. DORNAN. Thank you. Mr. Thornberry, we have just come back together from a trip to Hungary, Bosnia, and Italy, and we looked at the hospital built, tent hospital built, just in the last few weeks at Tuzla in Hungary; and I will let Mr. Thornberry speak for himself but I was mightily impressed at the facilities that have been put up in just less than 2 months. Mac, any questions?

Mr. THORNBERRY. Mr. Chairman, I agree with you, and I did want to make a comment about that because not only was that done very well, but what you and Mr. Hastings and I saw and talked with were some outstanding young folks who are over there; and I think Mr. Skelton's comments to open this up were absolutely right. It is not just a question of the Government keeping its word to retirees. It is also a question of how do you get and keep this top quality of young people that we absolutely have to have in very difficult situations as we saw in Bosnia. And that is why, I think, the health care issue is one issue that is so important to get and keep the very best quality folks.

I have concerns about TRICARE as a general program and also some concerns from the folks that I represent on how it is being implemented in our neck of the woods; but before I get to the specifics, Mr. Backhus, let me ask you this question. When we had our hearing here a year ago, a fair summary, at least in my mind, was that TRICARE was working pretty well for the active-duty folks, but it was not working worth a flip for the retirees or it was not working as well as it needs to and we want it to. Just as a summary on what you have seen in the past year, is that still about where we are?

Mr. BACKHUS. I would think in some respects a lot has changed in the last year. I do not know of one instance where a retiree under the age of 65 has been unable to enroll. The system has not reached the capacity where they have to deny TRICARE Prime enrollment to someone under 65. So I think in that regard it is working well. However, it is the over-65 group, as you know, that is having the difficulties and that has not changed.

Mr. THORNBERRY. Sure. Let me move on then. Mr. Tough—and I realize it has been effective in Texas something like 4 months at this point—and you are going to have growing pains. But I think one of the things we have to do is talk about those, and let me just tell you some of what I am hearing in the way of questions. No. 1, in region 6, have you been able to get sufficient providers signed up in order to meet the obligation under the contract? My impression is that it was pretty slow going at first, at least in my neck of the woods, but that maybe it has picked up a little bit. That is question No. 1. Are there enough providers to fulfill the contract?

No. 2, are you having a backlog in processing claims? It is my impression that there is a backlog. It is having an effect maybe on some of the providers, that it is taking awhile for them to get paid and that is affecting their ability or their interest in whether to treat these folks.

No. 3, where are we as far as people who travel? I have had folks in my district who have had difficulty, of course, traveling outside region 6, but even within region 6 in being able to get care. They tell you, you got to go back to your home area, and that, of course, has required some difficulty.

And the last question I would have about region 6 is you mentioned the contract was \$1.8 billion. As I understand it, that is about a 4-year contract.

Mr. TOUGH. Five.

Mr. THORNBERRY. Based on what you know so far, are you going to be able to fulfil the obligations of the contract for that price?

Mr. TOUGH. Sure. Thank you for the questions. Let me try to peck them off in order. In terms of the provider access, you raise a very good point. Early on, there were some difficulties in trying to secure contracts with providers, and I think that cuts across two specific issues. One is the introduction of managed care to many parts of the region where managed care is not a widely accepted concept. That is not unique for region 6. We have that same problem in aspects of California and Hawaii and aspects of region 11. I would like to say that all providers are welcoming managed care, but that is not a true statement. So that issue is No. 1.

No. 2 is that we are limited by the CHAMPUS maximum allowables in terms of compensation, and many times that is not a desirable or acceptable level of reimbursement to many providers. And so we have had to work specifically with that and try to negotiate some aspects of care in some communities that have really required some tough negotiations.

But I believe we do have adequate network. We use a number of standards to evaluate adequacy. Those actually exclude MTF usage as part of that evaluation which to the extent you can factor MTF usage more into that equation, access is more greatly improved. But I think today we are in fairly good shape throughout the region. We have had some very tough sticking issues that are of no secret in places like Wichita Falls and other areas. So it has been tough, but I believe we are in sync now with region 6 lead agent staff, and I know of no specific issues that are causing us any specific provider availability concerns.

On claims you are correct. We have a claims backlog, and we are working through it. We have been working with CHAMPUS on the issues that have affected that backlog in terms of implementation. We are in the process of establishing and have established a working relationship with the Wisconsin Physicians Service which was the prior claims processor, and in fact have connected up with them on-line, and they are processing through those claims as we speak. So—

Mr. THORNBERRY. About how long is it now? What does your backlog look like?

Mr. TOUGH. Our backlog is about 190,000 claims total, and we believe that we will work through that sometime during the month of May. On the travel issue, I am not exactly sure how specifically to address that. We do provide some travel information in the packets, materials we supply on emergency cases. When you are traveling outside of the region, obviously you are not expected to get back in your region for care.

So I guess what I would have to do in that regard is to loop back to our staff and find out what we are telling folks when they call in on that subject because if it is an emergency situation, there should be no question about it.

Mr. THORNBERRY. Well, of course, it is not just what your people are saying. It is the provider where you go in the emergency situation.

Mr. TOUGH. True.

Mr. THORNBERRY. And I suspect that that may be part of what is going on there, but it is something we have to work through for active duty as well as retirees.

Mr. TOUGH. Absolutely, and it is not a singular issue to region 6. It is an issue that affects region 11 and 9, 10 and 12; and, hopefully, as the TRICARE program comes up across the country, certainly in the areas of the contracts that we possess, what we are trying now to do is to pool the information so that it will not matter if you travel across state lines, that you will be able to do some reciprocity work with those other contractors out there. Again, I see that as work in progress.

The last issue is the \$1.8 billion, and I guess I have to stand here and say, yes, I think we can do it. We bid it, and we believed it was an appropriate and right price, and we are confident.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. DORNAN. That vote is on the Lowey amendment, our first abortion vote of the year. So we will go for another 6 minutes here and then take a break. Doc Hastings, you are next up.

Mr. HASTINGS. Thank you, Mr. Chairman. Fortunately, my friend from Texas asked a couple of questions that were of concern to me regarding the retirees, but I am from Washington, and I know that this started in Washington state. I am here, however, and I want to bring up a few points because we have heard from our constituents that not everything is good. I can understand that when you are starting a brand new system. But there also is a difference when you look at Washington and Oregon, and that is the Cascade Mountains. You have western Washington, and you have the rural eastern Washington. In western Washington, the managed care concept has been accepted in the private sector for a number of years, and it has not really caught on in the more rural areas.

What I am hearing from some of my constituents, particularly in the rural areas, is that the care has been pretty slow in being provided over there. Now I noted, General Peake, in your testimony that you said there is a TRICARE Service Center that is going to be open or has opened in Yakima in addition to two other places. Could you tell me what sort of care those areas, those TSC's give? What do they provide in those more rural areas? Let me ask the question that way.

General PEAKE. The TRICARE Service Center, sir?

Mr. HASTINGS. Yes. What that has are health care advisors who are really Foundation employees. There at Yakima they have set up a little trailer adjacent to the health clinic, and it is where people can come and get information about the TRICARE program, can get hooked into whatever system it takes to get them an appointment. It can help them to understand what providers are available to them and so forth. It is really an advisory service, sir. Is it kind of a mini-clinic at all?

General PEAKE. Sir, it is not a clinic.

Mr. HASTINGS. Not at all?

General PEAKE. No, sir, it is an administrative function.

Mr. HASTINGS. So in order for them to get service, they still have to travel across the mountains then.

General PEAKE. No, sir. There is a managed care network that Foundation has established over there and contracted with, and so the folks will have a primary care provider right there in town; and if they have to drive more than an hour, then Foundation provides the specialty care within an hour as part of the contract.

Mr. HASTINGS. OK.

General PEAKE. So they can get their care locally.

Mr. HASTINGS. Not to just be so specific on that one, but if you would provide my office the information on particularly the Yakima one as far as how many physicians or so forth that are part of that?

Mr. TOUGH. Absolutely. Yes, I will be glad to do that, Mr. Hastings. We have, the Group Health Cooperative of Puget Sound has a clinic in that area. King County Medical has the PPO delivery

system for that area. Statistics I looked at last night suggested that out of the 1900 plus beneficiaries, eligibles you have in the Yakima area, specifically 450 are enrolled in Prime connected with group health clinic. We will be glad to provide your staff with that and any other details you need.

[The information referred to can be found on page 186.]

Mr. HASTINGS. We will start with that at least. And I understand you are going through some of these growing pains. One thing that I heard and some of my colleagues, particularly in western Washington heard, was the 800 number that you have was actually a California number. Is that correct? You call the 800 number to get information, and it turns out that if you are calling from Yakima or Puyallup or anyplace, you are indeed calling a California number; is that correct?

Mr. TOUGH. Actually it can be one of three locations. And it is based on the volume and getting to a certain level which exceeds the capability of the unit in Seattle or Tacoma area. Once it reaches the limit of the number of available agents, it rolls to the next tier. So it is a rolling procedure.

Mr. HASTINGS. OK.

Mr. TOUGH. So you have then a customer-service availability in Sacramento, and to the extent that you exceed that, then it rolls to another backup unit in Tucson.

Mr. HASTINGS. It starts in California then?

Mr. TOUGH. No, it starts in Tacoma.

Mr. HASTINGS. It starts in Tacoma and then it goes up to the other two.

Mr. TOUGH. Correct.

Mr. HASTINGS. OK. So that is the reason why. OK. That is all I have, Mr. Chairman. Thanks.

Mr. DORNAN. Dr. Norwood, why do you not take your questioning now because you may not be able to come back?

Dr. NORWOOD. Mr. Chairman, I am very grateful for the opportunity to be here. I thank you, sir. Gentlemen, I appreciate your testimony. This for me is a time of learning. I am interested in making sure that we have the very best health care we possibly can for our retirees and our military personnel and doing it for the least amount of cost.

Mr. BACKHUS. I will fire a couple of questions at you and with your permission, Mr. Chairman, submit most of them for the record, and ask perhaps that you give it back to me in writing.

Mr. BACKHUS. OK.

Dr. NORWOOD. I want to follow up just very quickly about Congressman Watts' questions about the procurement. You did not say clearly that you think DOD has done anything yet to simplify and improve the future procurements and to ensure more equitable and fair treatment of the offerers. Is that true or false? They have not done anything yet or where are we with that?

Mr. BACKHUS. Well, it is a mixed answer. We, in some cases, identified changes that they made which are improvements. For example, they have gone ahead and established a mechanism where the evaluators of the proposals, those who do, say, the technical evaluation and the price evaluation are communicating in a way that allows one to know what the other is doing. What happened

before, not every case, but it happened where the technical people evaluated contracts a certain way and ranked offers in a certain way, could rank somebody low, and the price would be low. And if the two do not talk, you wind up potentially with an award being provided to somebody who technically could not perform.

There was not the communication there. They made changes along that line, some positive things. They have, I believe, instituted some procedures to better evaluate the cost-containment proposals that the offerers make, to establish specific criteria for how to evaluate whether any particular offerer can, in fact, achieve the cost-containment initiatives that they propose in the offer. What I am less sure about, and therefore need to, or am suggesting that we get back into followup of some kind here, is whether, in fact, the people who are doing the evaluations are qualified. And that there be criteria established for what kind of qualifications need to exist for the people who are going to do the evaluation.

Dr. NORWOOD. Let me interrupt you, and I would like the rest of that in the record in writing, but let me, quickly ask one last question. You said in your statement something about standards have been established for HMO's. And I know that you surely must recognize there are no national standards set for managed care, and in general not very many standards on a State level. Tell me quickly what you mean. Who sets standards?

Mr. BACKHUS. Well, what I meant there was that the Department, the DOD—

Dr. NORWOOD. Yes.

Mr. BACKHUS [continuing]. Has established standards that they would like to achieve for access to primary care. In other words, no longer than a, let us see, I have them here.

Dr. NORWOOD. I do not need necessarily to know them. I am trying to figure out if you are the first people who have established any standards.

Mr. BACKHUS. That could very well be. Dr. Joseph, I am sure, can rattle that off.

Dr. NORWOOD. Well, I commend you for that. I am pleased. I think we need that in more areas than, however, just the military. Mr. Chairman, I will submit the rest for the record. I know we have got to go vote.

Mr. DORNAN. All right. Your questions will be submitted for the record.

[The information referred to can be found on page 193, 195.]

[Recess.]

Mr. BUYER [presiding]. We are going to bring the hearing back to order. We are in a series of votes on the House floor. They should run about every 25 to 30 minutes. So a lot of the members got hung up on some things on the floor, but we do not want to delay the hearing. Let me now yield to Mr. Chambliss for any questions he may have of the panel.

Mr. CHAMBLISS. Thank you, Mr. Chairman, and I apologize for running late today. I had a conflict, and I thought I had some questions for this panel, but in conference with some of my colleagues on the way over to vote, I see that they have covered the areas that I intended to cover. I would just like to make one comment, and that is directed to Mr. Backhus. You know the active duty folks

tend to take care of themselves in programs like this; and with all the major changes that are taking place, we are sort of looking to GAO to help us with our retiree situation and make sure that their concerns are addressed. We hope that you will keep in touch with us regarding any concerns that you all have or that develop during this process. We who are in region 3, I think, kick in another couple of months or so here. And we are already getting a lot of inquiries and a lot of questions; and any time we have major changes, there are real concerns on the part of these folks, and we are going to be looking to you to certainly help us.

Mr. BACKHUS. We certainly are willing to help, and I look forward to working with you.

Mr. CHAMBLISS. Thank you. Thank you, Mr. Chairman.

Mr. DORNAN. All right. Does anybody else have any questions. I wanted to get one observation with your experience in area 11 because it is a tighter region than some of the others. People would be willing to drive more. Explaining this catchment to you, one of you said you picked up a few areas at the top of Idaho in the panhandle up there.

General PEAKE. Sir, when we started the——

Mr. DORNAN. It is not reflected on the maps and——

General PEAKE. Right, sir. When we started the program, it was just Washington and Oregon, but there was a group of people up in northern Idaho that had routinely received their care at Spokane at Fairchild Air Force Base.

Mr. DORNAN. Right.

General PEAKE. And so with that interest in looking after those folks, Dr. Joseph made the decision to go ahead and change the regional boundaries so we could pick up that group. That started March 1.

Mr. DORNAN. Just walk me through what happens to your average 65-year-old male retiree when he hits that birthday. How does he transition to Medicare, and let us say he has a heart condition? I am trying to pick something that is not life-threatening at a milder level, and he knows all his doctors. He has confidence. They have got all his records. He has been, let us say he retired at age 51, so he has been out for 20 years, and he has confidence under CHAMPUS and this structure he has been using. What happens when he hits his 65th birthday?

General PEAKE. Sir, if this individual is being taken care of in the military treatment facility, I assume that is what you are talking about?

Mr. DORNAN. Yes.

General PEAKE. That kind of specialty care is available at Madigan. We have not really changed the size of our cardiology service.

Mr. DORNAN. No, but I mean he does not have to transfer to Medicare then?

General PEAKE. Sir, he automatically transfers to Medicare. We would encourage him to take part B so that he can then take advantage of other things that he needs. But in terms specifically of the cardiology care, at Madigan we would continue to take care of him.

Mr. DORNAN. Right.

General PEAKE. Now, the issue, sir, becomes one as over time will we be able to continue to take care of him because it is an on-space available basis. At this time, generally, we would be able to take care of that person.

Mr. DORNAN. See I think that is the thing that most people are going to write to their individual Congressmen and Congresswomen for is somebody who hits that birthday, and there is a space-available crunch.

General PEAKE. But, sir, our Medicare population is growing about, you know, in 5 years it will be, I guess, 5 percent a year.

Mr. DORNAN. Heading there myself.

General PEAKE. I hope I do, too.

Mr. DORNAN. Right.

General PEAKE. But as it grows, sir, then that aging population might change the demographics such that we cannot. Now, the other thing with Prime folks, we are going to try to make sure that none of those folks slip out.

Mr. DORNAN. Right.

General PEAKE. Because we feel we have got an obligation to them.

Mr. DORNAN. Right.

General PEAKE. So there is the potential for that kind of a displacement.

Mr. DORNAN. We have two military retirees on our professional staff. And their Federal employees plan is so good that they do not opt to use their military retiree plan. Now out of the figures that we are working with, 8.7 million eligible, only 6.7 utilizing it. That 2 million figure, do you have the hard figures on whether or not most of those people are denied by geography or self-opt out because they have a better system?

General PEAKE. Sir, I do not have that figure. We could probably get it from the survey, and we could provide it later.

Mr. DORNAN. Yeah. I mean are you taking a survey like would regions 11 and 6 be able to indicate to us what is the larger percentage or what other reasons there are?

General PEAKE. I am talking about the DOD survey, sir.

Mr. DORNAN. Right. Because I would be curious as this TRICARE thing works out all the kinks, what is the major block, subcohort in that 2 million, that causes retirees to not avail themselves of these benefits. You have the final question to end this panel.

Mr. BUYER. Gentlemen, going through my mind, I am familiar that the VA per patient cost is around \$5,700; Medicare, around \$3,700; Medicaid, \$3,200—I am using some rough figures—private pay, about \$1,900. What is it in the military? Does anybody know?

General PEAKE. \$1,537 is what we have got as our number.

Mr. BUYER. \$1,537. Well, that is good. I would note, though, for the record, I was somewhat humored with regard to dialect. I just never heard of the term "ain't worth a flip." [Laughter.]

I am not a Texan. I was familiar with that famous quote "ain't worth a bucket of spit." But I was kind of humored. I was thinking about travels not only around the world but perhaps around the country, and I wrote down some things. Mr. Chairman, I was out in Beverly Hills, your part of the country, and spoke to the cham-

ber of commerce out there, and when somebody did not like something, they said: "There is something wrong with this picture." It is something wrong with "the picture."

Mr. DORNAN. It is out of focus.

Mr. BUYER. Yeah, something is out of focus. They talked a little funny there in the valley. You know in Indiana, they call it hog-wash. In Iowa they call it baloney. Wisconsin they call it sour. Maine they call it garbage, and when I was in London, they called it rubbish, and in New York City, decorum does not permit what they call it in New York City.

Mr. THORNBERRY. Mr. Chairman.

Mr. DORNAN. Go ahead.

Mr. THORNBERRY. I just have a question that I would like to submit for the record for Mr. Tough to answer that Congressman Geren, one of our colleagues on the committee, has asked me to submit, and with your permission I would like to do that at this time.

Mr. DORNAN. Please. Absolutely.

[The information referred to was submitted for the record:]



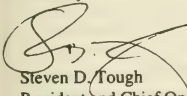
April 19, 1996

Ms. Donna Hoffmeier
2340 Rayburn House Office Building
Washington, D.C. 20515

Dear Ms. Hoffmeier:

As requested in Mr. Dornan's letter of March 20, 1996, we have enclosed our response to the questions from Representatives Mac Thornberry, Pete Geren, and Charlie Norwood. I understand these questions were a result of the Military Personnel Subcommittee meeting on March 7, 1996 and will be included in the hearing record. Should you or Mr. Dornan need any other information, please do not hesitate to contact me.

Sincerely,



Steven D. Tough
President and Chief Operating Officer
Foundation Health Federal Services, Inc.

**Questions for Foundation Health Federal Services
Submitted for the Record by Congressman Thornberry
on behalf of Congressman Geren**

This formal response is offered by Foundation Health Federal Services (FHFS) to those questions submitted for the Record by Congressman Thornberry on behalf of Congressman Geren. The subject of dispute concerns a disparity of allowable reimbursement for custodial care for Mrs. Joy Barton, a CHAMPUS beneficiary, now deceased.

Mrs. Barton suffered a respiratory arrest on May 3, 1992 and was transferred to Vencor Hospital in Dallas on May 22, 1992. Mrs. Barton was subsequently transferred to Vencor's Ft. Worth facility where she remained comatose in a vegetative state and ventilator dependent until her death on November 11, 1995.

The provider in this case, Vencor Hospital and the beneficiaries involved, Earl and Joy Barton, were first notified that Mrs. Barton's services were considered custodial, and therefore substantial services would not be eligible for CHAMPUS cost sharing, on September 14, 1992 for dates of 6/27/92 and forward (Attachment 1). Through a series of formal appeals and reconsideration processes both parties were provided with written review documentation of the ongoing assessment that these services were custodial. Wisconsin Physicians Service (WPS) issued letters that further clarified what may or may not be eligible for cost share on December 15, 1992 and June 9, 1993, and Foundation Health Federal Services (FHFS) issued such letters on June 14, 1994, August 31, 1994 and December 7, 1994. A formal review decision by OCHAMPUS covering the time period from May 22, 1992 through January, 1995 and continuing, was issued on May 2, 1995 and determined that the care provided to Mrs. Barton by Vencor was custodial in nature and that therefore substantial Vencor charges were not eligible for CHAMPUS cost share. The entire case file was reviewed by the Colorado Foundation for Medical Care, a professional review standards organization. In addition, FHFS recently sent a team of representatives to Vencor to discuss the reimbursement issues. The question still remains as to what is an equitable reimbursement that will protect the interests of the beneficiary and provider while staying within the statutes of the law.

FHFS was awarded the Base Realignment and Closure (BRAC) contract, effective 5/1/93. Wisconsin Physicians Service (WPS) was processing claims prior to that time. WPS continued to process claims for Foundation as a subcontractor during a transition period of approximately 12 months. Mrs Barton became one of our BRAC beneficiaries in June, 1993 when she was moved to Ft. Worth, Texas.

FHFS shares risk with the government and must act as a good steward of government funds. FHFS, as a government payor, is committed to resolve the issue of allowable reimbursement and is in the process of a line by line detailed audit to review each claim for allowed benefits and medical necessity. Each of the claims reviewed covers

approximately 10 to 11 days of service. We are re-reviewing 87 claims. Each claim with approximately eight (8) pages, has an average of 38 lines per page of separately billed services. We have completed about 60% of our review of approximately 26,500 billed services or line items.

In response to the background information provided to FHFS by Congressman Thornberry on behalf of Congressman Geren, WPS did not average \$1,451.58 per day on allowable health insurance benefits beginning in December, 1992. WPS allowed \$1,451.58 per day on a single claim #932354816852 for services rendered from June 1-June 10, 1993. This information and dollar amount originally came from FHFS in our letter to the Honorable Phil Gramm on 11/10/95 and was misinterpreted as an average reimbursement by WPS for the entire length of Mrs. Barton's care at Vencor.

As noted in the background information, FHFS records indicate that Vencor has been paid approximately \$1.4 million for Mrs. Barton's care from FHFS and WPS. FHFS has identified some potential overpayments and is currently evaluating only that portion of prior payments. Our current evaluation may reduce the amount in dispute.

As noted above, OCHAMPUS made a formal review decision on May 2, 1995 that the care delivered to Mrs. Barton was custodial. Since custodial care is reimbursed at a lower level than acute care, FHFS is working with OCHAMPUS to determine the appropriate level of recoupment, if any, created by this determination.

The following applicable authority is cited for your review:

Applicable Authority:

In accordance with CHAMPUS Regulation; Chapter 2, B: Custodial Care. Care rendered to a patient (1) who is disabled mentally or physically and such disability is expected to continue and be prolonged, and (2) who requires a protected, monitored, or controlled environment whether in an institution or in the home, and (3) who requires assistance to support the essentials of daily living, and (4) who is not under active and specific medical, surgical, or psychiatric treatment that will reduce the disability to the extent necessary to enable the patient to function outside the protected, monitored, or controlled environment. A custodial care determination is not precluded by the fact that a patient is under the care of a supervising or attending physician and that services are being ordered and prescribed to support and generally maintain the patient's condition, or provide for the patient's comfort, or ensure the manageability of the patient. Further, a custodial care determination is not precluded because the ordered and prescribed services and supplies are being provided by an RN, LPN, or LVN.

In accordance with CHAMPUS Regulation; Chapter 4, E., 12., b: Benefits available in connection with a custodial care case. CHAMPUS benefits are not available for services or supplies related to a custodial care case with the following specific exceptions:

- (1) Prescription drugs and medicines, medical supplies and durable medical equipment. Benefits are payable for otherwise covered prescription drugs and medicines, medical supplies and durable medical equipment.
- (2) Nursing services, limited. Recognizing that even though the care being received is determined primarily to be custodial, an occasional specific skilled nursing service may be required. When it is determined such skilled nursing services are needed, benefits may be extended for one hour of nursing care per day.
- (3) Physician services, limited. Recognizing that even though the care being received is determined primarily to be custodial, occasional physician monitoring may be required to maintain the patient's condition. When it is determined that a patient is receiving custodial care, benefits may be extended for up to twelve physicians visits per calendar year for the custodial condition (not to exceed one per month).

NOTE: CHAMPUS benefits may be extended for additional physician visits related to the treatment of a condition other than the condition for which the patient is receiving custodial care (an example is a broken leg as a result of a fall).

- (4) Payment for prescription drugs, medical supplies, durable medical equipment and limited skilled nursing and physician services does not affect custodial care determination. The fact that CHAMPUS extends benefits for prescription drugs, medical supplies, durable medical equipment, and limited skilled nursing and physician services in no way affects the custodial care determination if the case otherwise falls within the definition of custodial care.

The following care is specifically excluded in accordance with CHAMPUS Regulation; Chapter 4, G., 7: Custodial Care. Custodial care regardless of where rendered, except as otherwise specifically provided in paragraphs E. 12. b. [see previous page of this document] and E. 12. d. [*Reasonable care for which benefits were authorized or reimbursed before June 1, 1977*] of this chapter.

Chapter 4, paragraph E.12.a, defines the kinds of conditions that can result in custodial care. There is no absolute rule that can be applied. With most conditions, there is a period of active treatment before custodial care, some much more prolonged than others. Examples of potential custodial care cases may be a spinal cord injury resulting in extensive paralysis, a severe cerebral vascular accident, multiple sclerosis in its latter stages, or presenile and senile dementia. These conditions do not result necessarily in custodial care but are indicative of the types of conditions that sometimes do. It is not the condition itself that is controlling, but whether the care being rendered falls within the definition of custodial care (refer to Chapter 2 of this Regulation for the definition of "custodial care").

Chapter 2, Section B, defines custodial care as that care rendered to a patient (1) who is disabled mentally or physically and such disability is expected to continue and be prolonged, and (2) who requires a protected, monitored or controlled environment whether in an institution or in the home, and (3) who requires assistance to support the essentials of daily living, and (4) who is not under active and specific medical, surgical or psychiatric treatment that will reduce the function outside the protected, monitored or controlled environment. A custodial care determination is not precluded by the fact that a patient is under the care of a supervising or attending physician and that services are being ordered and prescribed to support and generally maintain the patient's condition, or provide for the patient's comfort, or ensure the manageability of the patient. Further, a custodial care determination is not precluded because the ordered and prescribed services and supplies are being provided by an R.N., L.P.N. or L.V.N.

NOTE: The determination of custodial care in no way implies that the care being rendered is not required by the patient; it only means that it is the kind of care that is not covered under the Basic Program.

CHAMPUS Regulation, Chapter VII.G: It is the responsibility of the CHAMPUS fiscal intermediary (or OCHAMPUS including OCHAMPUSEUR) to review each CHAMPUS claim submitted for benefit consideration to ensure compliance with all applicable definitions, conditions, limitations, or exclusions specified or enumerated in this regulation. It is also required that before any CHAMPUS benefits may be extended, claims for medical services and supplies will be subject to utilization review and quality assurance standards, norms, and criteria issued by the Director, OCHAMPUS or a designee.

Questions:

1. *How did Foundation arrive at their reimbursement figure? Please explain the reimbursement method used by Wisconsin Physicians Service to calculate their payment. If the standard benefits did not change, please explain the circumstances behind the current dispute.*

Response:

FHFS will attempt to describe the Wisconsin Physicians Service (WPS) reimbursement methodology policies followed during the claims processing period covering Mrs. Barton's case. Please note that WPS, a traditional CHAMPUS fiscal intermediary (FI) paid by CHAMPUS on a per claim basis, was processing claims before FHFS became responsible for this Base Realignment and Closure (BRAC) Region. FHFS is an At-Risk Managed Care contractor sharing risk with the government. Our duty is to extend patient care management and appropriate review to the health care payment process.

Through our review it appears that Wisconsin Physicians Service (WPS) was reimbursing Vencor allowing skilled care, paying 100% of Vencor's billed charges from May 22, 1992 to October 28, 1992. The WPS interpretation of CHAMPUS Policy as documented to Vencor on 6/09/93 indicated medical necessity for skilled care had been established and benefits allowed through October 28, 1992. Thereafter it appears, based on historical data, that WPS was reimbursing as custodial care at 100% of Vencor's billed charges excluding the room and board charges.

Since the WPS reimbursement methodology was to pay billed charges, excluding non-covered benefits. WPS was not paying an average of \$1,451.58 per day as stated in the background documentation provided to FHFS. WPS allowed \$1,451.58 per day on a single claim # 932354816852 for services rendered from 6/01-6/10/93. This information originally came from FHFS in our letter to the Honorable Phil Gramm on 11/10/95 and was misinterpreted as an average for all WPS reimbursed claims for this case.

Our records show that WPS was paid \$842,000 for the time period of 5/22/92 to 6/20/93, which is an average daily rate of \$2,126.00 over 396 days. Payment was paid at 100% of billed charges with some disallowance of room and board charges during this time period.

FHFS became responsible for the reimbursement of Mrs. Barton's care through our subcontractor, Harris Methodist Health Plan, on June 21, 1993 when Mrs. Barton was transferred to Vencor's Ft. Worth facility. For services rendered 6/21/93 through 11/30/93 reimbursement was \$329,000.00. The average daily rate of reimbursement was \$1,947.00 over 169 days. The allowable costs were determined on the basis of billed charges including room and board.

Beginning on 12/1/93, FHFS' subcontractor, Harris Methodist Health Plan, negotiated rates with Vencor for payment of 70% of billed charges. The average daily rate of reimbursement under this methodology was approximately \$1,024.00 over 192 days.

On 6/14/94 Vencor Hospital and Mr. Barton were notified by Harris that care after 6/20/94 was custodial and therefore was not a benefit of coverage under CHAMPUS (Attachment 2). The notification offered appeal rights. However, an appeal does not suggest that the denial determination would change. The letter also suggests that the provider and beneficiary have discussions concerning continued services.

Beginning with care delivered 6/21/94, FHFS determined the allowable reimbursement was \$53.86/day as some CHAMPUS benefits remain covered under custodial care. A total daily allowable amount was established at \$53.86 by Foundation to cover one (1) hour/day of nursing services, certain supplies and

some medication. This guideline was established after a review of claims and supporting documentation indicated that many of the same services were billed at each billing cycle. For services rendered from 6/21/94 through 11/10/95, Foundation paid an average daily rate of \$115.00 over 508 days.

As a contractor for the Base Realignment and Closure Region and Managed Care Support Programs, FHFS is required to perform prepayment review of claims for medical necessity. Foundation reimbursed charges are based on prepayment review for medical necessity and OCHAMPUS input (Attachment 3). FHFS's initial medical review determined pharmacy, laboratory, medical supplies, respiratory, radiology and physical therapy services were excessively billed without documentation that supported medical necessity. Through our review of Vencor's charges and the absence of supporting medical documentation of the intensity and frequency of services rendered to Mrs. Barton, FHFS was unable to establish the medical appropriateness for services which might otherwise be eligible for CHAMPUS reimbursement per CHAMPUS policy.

After our more recent audit, it appears that some additional compensation will be warranted for those services not previously considered for payment. However, FHFS will still be reviewing those services according to CHAMPUS Policy. For example, reimbursement for an allowance of medication is an area of dispute. The average wholesale price that CHAMPUS allows for drugs is the methodology Foundation uses for payment which is consistent with CHAMPUS Policy Manual, Volume II, Chapter 3, Section 3.6. Our review has identified significant discrepancies between Vencor's charges and the current average wholesale price. The following chart illustrates a few of these discrepancies:

Medication	A.W.P./Dose	Vencor/Dose
Albuterol	\$.63	\$10.00 (avg.)
Docusate w/Casarth	.66	2.50 (avg.)
Prednisone / 5 mg.	.12	2.88 (avg.)
Ranitidine	3.61	6.67 (avg.)
Cisapride / 10 mg.	.55	2.88 (avg.)
Acetic Acid	5.64	71.93 (avg.)

For example, Vencor charged approximately \$70.61 for prednisone each billing cycle (approximately 25 doses). CHAMPUS allowable based on current A.W.P. is \$2.97 for the same number of doses. The difference in the billed amount versus what CHAMPUS allows, for a sampling of claims for the time period 6/30/94 to 10/31/95, is \$67.64 per billing cycle. If the medication was billed over the course of time that FHFS was paying claims (87 billing cycles), the total disallowed charges would be \$5,884.68.

In addition, our medical review indicated that all DME had been paid up to and well beyond the purchase price and additional payment was not warranted. While Mrs. Barton was receiving custodial care at Vencor, the government was billed for use of the ventilator at \$600.00 per 24-hour/day for over 500 days for a total cost of over \$300,000. This corresponds to a reasonable purchase price which we estimate to be under \$20,000, one fifteenth (1/15) the amount charged by Vencor for the ventilator during the period of custodial care. The Texas CHAMPUS Maximum Allowable Charges (CMAC) for a Portable Volume Ventilator designed for home use is priced at \$8,795.00.

We are currently reviewing our policies for reimbursement under custodial care as well as our procedures to track those Case Management cases that are custodial in nature or potentially could be custodial in the future. FHFS develops and performs extensive Utilization Management Services. Our goal is to ensure complete tracking and monitoring of these cases from preauthorization of services through claims payment in order to protect the interests of the beneficiary, ensure that care is reviewed appropriately and safeguard CHAMPUS funds.

Foundation is committed that each beneficiary receives the full extent of their benefits and each provider is paid appropriately. In addition, as a government payor, Foundation is required to protect CHAMPUS funds and beneficiaries from inappropriate financial liability. As previously noted, we are in the process of doing a complete bill audit of Vencor's charges for services provided to Mrs. Barton during her stay from June, 1993 to November, 1995. We are doing a line by line review of each claim for allowed benefits and medical necessity. Preliminary results indicate additional compensation for some services may be warranted, particularly in the area of medications, lab and radiology. On completion of the audit, a meeting with the provider will be scheduled to review results. The audit is expected to be completed by April 30, 1996.

2. *Please explain the CHAMPUS recoupment program in this case.*

Response:

FHFS recoupment procedures follows OCHAMPUS procedures from CHAMPUS Operations Manual, Part Two, Chapter 5, C. *Procedures for Recoupment of Overpayments:*

For the purpose of determining the amount of overpayment in a particular case, contractors shall include all claims overpaid for the same reason/case/episode of care. All research required to establish the existence of a debt must be accomplished and the initial demand letter must be issued within 30 days from the date that a potential recoupment action is identified or notification is received that an erroneous payment has been made.

The Adjustment Department established an on-line system recoupment case which initiated the first (1st) demand letters. When the amount requested in the first request letters was not paid in full within 30 days, second (2nd) demand letters were generated automatically by the on-line recoupment system. When the amount requested in the first and second request letters was not paid in full within 60 days from the date the first letters were sent, the recoupment cases were flagged for offset against future claim payments to the debtor. When the cases were not paid in full within 90 days of the first request letters, final demand letters were generated along with a promissory note (Attachment 4).

Currently, all recoupment action in relationship to this case has been suspended by FHFS per OCHAMPUS directive dated 3/6/96 (Attachment 5), and as previously documented, FHFS is auditing this case to address the concerns of the disparity of allowable reimbursement.

3. *If the provider accepted assignment from CHAMPUS and CHAMPUS will not pay for care, can Mr. Barton be held responsible and billed by the health care provider for the payments recouped by Foundation?*

Response:

Foundation Health Federal Services has requested a formal written response from OCHAMPUS to clarify this reimbursement issue (Attachment 6). In the interim, a verbal discussion between Foundation and OCHAMPUS confirmed the policy that while a provider cannot balance bill a beneficiary if the provider accepts assignment (as Vencor has done in this case), the provider may bill the beneficiary for non-covered services. FHFS is waiting for OCHAMPUS clarification to determine if Mr. Barton can be held responsible and billed by the provider for the payments recouped by Foundation.

4. *How often does CHAMPUS recoup inappropriate payments? Please cite specific examples.*

Response:

We cannot speak on behalf of OCHAMPUS on this subject. This question needs to be addressed to OCHAMPUS.

FHFS does, however, recoup inappropriate payments consistent with CHAMPUS Operations Manual, Part Two, Chapter 5, 1.-B.2., requesting overpayment refunds from providers and beneficiaries who receive incorrect payments for the following reasons.

1. Provider Overpayments

Overpayment refunds shall be sought from the provider who received the incorrect payment in the following situations:

- a. The overpayment resulted because the beneficiary had paid the provider more than the deductible, copayment, or other cost-sharing amounts and this was not indicated on the claim.*
- b. The payment was based on an amount in excess of that allowable.*
- c. The provider received and retained duplicate CHAMPUS payments.*
- d. The overpayment was due to a mathematical or clerical error; e.g. an error in calculation of overlapping or duplicate bills. This does not include a failure to properly assess the deductible. Where a provider has been incorrectly paid a deductible, recovery shall be sought from the beneficiary.*
- e. The overpayment was for noncovered services or supplies.*
- f. The services or supplies were not received by the beneficiary, or there is no documentation to substantiate that the provider performed the services claimed. (See the OPM Part Two, Chapter 7, if fraud is suspected.)*
- g. The services or supplies were furnished by a provider not authorized under CHAMPUS.*
- h. The beneficiary and the provider were paid for the same services, resulting in a duplicate payment, and the beneficiary turned his or her payment over to the provider.*
- i. The CHAMPUS payment was made to the participating provider and a primary health insurance plan also made a benefit payment to the provider or beneficiary for the same services or supplies, and the combined payments exceed the billed charges.*
- j. The payment was made to the wrong provider or to a nonparticipating provider. In such cases, the FI/Contractor shall issue payment to the correct payee and initiate recoupment action against the erroneously paid provider concurrently. The*

*FI/Contractor shall **not** postpone issuing payment to the correct payee pending completion of the recoupment. If only in-system providers are involved, follow the agreement and/or administrative procedures for this situation.*

2. Beneficiary Liable

Recoupment should be sought from the beneficiary in the following situations:

- a. The overpayment was caused by incorrect application of the deductible, copayment, or other cost-share.*
- b. The patient was not an eligible beneficiary at the time services were provided and the payment was made to a participating provider for whom a good faith payment has been authorized by OCHAMPUS. (See Section I.B.3.b., below.)*
- c. A provider who received a duplicate CHAMPUS payment certifies the payment was refunded to the beneficiary.*
- d. The CHAMPUS payment was made to the beneficiary and his or her primary health insurance plan made a benefit payment for the same services or supplies.*
- e. The CHAMPUS payment was made to the beneficiary instead of the out-of-system participating provider. The FI/Contractor shall immediately issue payment to the out-of-system participating provider and concurrently take recoupment action against the beneficiary.*
- f. Any other instance in which the erroneous payment was made directly to the beneficiary, except Section III.B.1.h.*

Relative to FHFS, recoupment cases are established within 30 days of identification of overpayment per the CHAMPUS Operations Manual, Vol. II, Chapter 5. If money is not refunded, an offset record is established.

Once a recoupment case has been flagged for offset, the potential for recoupment exists each day a check-write occurs and a claim payment is scheduled to be made to a debtor provider or beneficiary.

- 5. Please give the total dollar amount of all cases that CHAMPUS has recouped from providers or beneficiaries where no fraud was involved.**

Response:

We are unaware of the total dollar amount of all cases that CHAMPUS has recouped from providers or beneficiaries. In response to this question, FHFS can only account for dollars collected by FHFS for At-Risk dollars. Not-At-Risk recoupment action is transferred to OCHAMPUS when the following criteria are met; therefore, we can only account for Not-At-Risk dollars received while health care services are being administered by FHFS.

If an individual Not-At-Risk Recoupment case is 180 days old and \$600.00 or more, the offset flag is lifted and the case is transferred to OCHAMPUS. If multiple recoupment cases against a single debtor are 365 days old and \$600.00 or more, the offset flag is lifted and the case is transferred to OCHAMPUS. If multiple recoupment cases against a single debtor are 365 days old and the dollar amount is less than \$600.00, the recoupment cases are considered a write-off and the offset flag remains in place.

Foundation Health Corporation (FHC) was paid approximately \$271 million by the Department of Defense for all of our CHAMPUS contracts for a 6-month period from 7/1/95 to 2/29/96. Overpayment receipts for recoupment cases for the same time period totaled approximately \$2,400,000 which is slightly less than 1% of the total revenue received.

6. *Is ventilator care "medically necessary"? Custodial care is generally defined by insurance companies as assistance with eating, bathing, dressing, and transferring. Is the CHAMPUS definition for custodial care consistent with Medicare, Medicaid, or the FEHBP programs?*

Response:

- **Is ventilator care medically necessary?**

Ventilator care for Mrs. Barton was ordered by a physician when care was initiated. The medical necessity of providing ventilator care for her was not contested by either WPS or Foundation Health Federal Services at any time during her care. For purposes of CHAMPUS reimbursement, a ventilator is considered durable medical equipment (DME). CHAMPUS Policy Manual, Volume I, Chapter 7, Section 3.1 defines durable medical equipment and the criteria which allow cost sharing by CHAMPUS subject to applicable conditions, exceptions, limitations and exclusions of the Regulation and the CHAMPUS Policy Manual.

While the medical necessity of the ventilator was not contested, the reimbursement for this durable medical equipment was guided by CHAMPUS Policy once the determination of custodial care was established. CHAMPUS allowable costs for ventilator use are included in DRG reimbursement to facilities for acute inpatient stays. However, because the custodial level of care is specifically excluded for the CHAMPUS benefit, ventilator charges were considered as a separately reimbursable item for Mrs. Barton once a custodial level of care had been established, as is undisputed in her case. When Mrs. Barton was determined to require only custodial care, she was eligible to continue to receive benefits for otherwise covered prescription drugs and medicines, medical supplies and durable medical equipment including the ventilator. CHAMPUS Policy is clear in defining the maximum allowable amount for an item of durable medical equipment when this is not included as part of a CHAMPUS allowable level of care. CHAMPUS Policy Manual, Volume 2, Chapter 3, Section 3.2 states that the maximum allowable amount for an item of durable medical equipment (i.e. Mrs. Barton's ventilator) is either "the lower of the total rental cost for the period of medical necessity, or the reasonable purchase cost and delivery charge, pick-up charge, shipping and handling charges and taxes." This policy also discusses that the basis for this analysis is to assess whether purchase or rental of the equipment is most advantageous to the government. While Mrs. Barton was receiving custodial care at Vencor, the government was billed for use of the ventilator at \$600.00 per 24-hour/day for over 500 days for a total cost to of over \$300,000. This corresponds to a reasonable purchase price which we estimate to be under \$20,000, one fifteenth (1/15) the amount charged by Vencor for the ventilator during the period of custodial care. The Texas CHAMPUS Maximum Allowable Charges (CMAC) for a Portable Volume Ventilator designed for home use is priced at \$8,795.00.

Foundation Health Federal Services believes that its decision to not pay the \$600.00 daily ventilator costs while Mrs. Barton was receiving care at a custodial level is an appropriate interpretation of the durable medical equipment policy because she was receiving care in a level which CHAMPUS had recognized as being custodial, a level of care not eligible for cost sharing. The payments for the ventilator had exceeded its purchase price and FHFS believes that it had provided more than adequate funding to Vencor for the reasonable purchase price of the ventilator. Foundation Health Federal Services has written to OCHAMPUS for further validation of its policy interpretation.

- **Custodial care is generally defined by insurance companies as assistance with eating, bathing, dressing, and transferring.**

The CHAMPUS Regulation, DoD 6010.8-R, defines custodial care for the CHAMPUS benefit. There are four (4) criteria in the assessment of a patient's needs and clinical status which determine this level of care. The third criteria of four used in the CHAMPUS definition recognizes that custodial care is care

rendered to a patient “who requires assistance to support the essentials of daily living.” The activities of eating, bathing, dressing and transferring are all included in the activities of “daily living” which are part of appropriate custodial care. These were the kinds of care requirements which Mrs. Barton required during her stay at Vencor and the determination by OCHAMPUS recognizing her custodial care recognizes that Mrs. Barton fulfilled all four (4) criteria in the custodial care determination. As the definition of custodial care in the Regulation points out explicitly, “the determination of custodial care in no way implies that the care being rendered is not required by the patient; it only means that it is the kind of care that is not covered under CHAMPUS.” Further, CHAMPUS recognizes that that patients like Mrs. Barton who may require a “protected, monitored, or controlled environment” may receive the custodial non-covered care either in an institution or in the home environment. The CHAMPUS Policy attempts to delineate which services are eligible for CHAMPUS cost sharing once the custodial care status has been determined and which services a physician orders and prescribes to support and generally maintain the patient’s condition may continue to be eligible for CHAMPUS cost sharing.

- **Is the CHAMPUS definition for custodial care consistent with Medicare, Medicaid, or the FEHBP programs?**

The definition of custodial care in the CHAMPUS Medicare, Medicaid and the FEHBP are consistent. Custodial care is the care provided to support the essentials of daily living for individuals that have a continuing, long term disability. Each program, however, operates under different statutes. The CHAMPUS Program is described in Title 10 US Code, Medicare and Medicaid in Title 42 US Code and the FEHBP in Title 5.

The CHAMPUS definition includes care provided in an institution or in the home. The Medicare definition limits the care to care in an institution. Medicaid is the only payor that covers custodial care as the payor of last resort if the recipient meets the means test requirements. Medicaid will cover custodial care in an institution or in the home. The FEHBP excludes coverage for custodial care and domiciliary care.

CHAMPUS defines custodial care as the care rendered to a patient who:

- a. Is disabled mentally or physically and such disability is expected to continue and be prolonged,
- b. requires a protected, monitored, or controlled environment whether in an institution or in the home,
- c. requires assistance to support the essentials of daily living, and

- d. is not under active and specific medical, surgical, or psychiatric treatment that will reduce the disability to the extent necessary to enable the patient to function outside the protected, monitored, or controlled environment.

The custodial determination does not limit the beneficiary's eligibility for the CHAMPUS basic benefits.

ATTACHMENTS

R

Attachment 1

CHAMPUS/CHAMPVA SUMMARY PAYMENT VOUCHER
REGION 6 CHAMPUS

333 111 3 PAB

FOUNDATION HEALTH FEDERAL SERVICES
950 NORTH FINANCE CENNER DR.
TUCSON, AZ. 85710-1361

date of reprinting
04/18/96 ** DUPLICATE COPY **
PAGE 1

7614837491
EARL BARTON
5704 TWIN OAKS DR
FORT WORTH TX 76148-3749VENCOR HOSPITAL OF DALL
09/14/92SPONSOR NO 193140788
PATIENT ACC # 981
SPONSOR EARL L BARTONPATIENT NAME
JOY E BARTONCLAIM NO
1992195 48 27047

PROVIDER	SERVICE DATES	DESCRIPTION	BILLED	ALLOWED CODE
PARKMAN ROBERT L J	06/21/92-06/26/92	SEMI-PRIVATE ROOM	2400.00	2400.00
PARKMAN ROBERT L J	06/21/92-06/30/92	PHARMACY	1100.95	1100.95
PARKMAN ROBERT L J	06/21/92-06/30/92	MED/SURG SUPPLIES	3249.24	3249.24
PARKMAN ROBERT L J	06/21/92-06/30/92	LABORATORY	2582.99	2582.99
PARKMAN ROBERT L J	06/21/92-06/30/92	RADIOLOGY-DIAGNOS	77.00	77.00
PARKMAN ROBERT L J	06/21/92-06/30/92	RESPIRATORY SERV	7156.00	7156.00
PARKMAN ROBERT L J	06/21/92-06/30/92	PHYSICAL THERAPY	324.00	324.00
PARKMAN ROBERT L J	06/21/92-06/30/92	PULMONARY FUNCTION	145.25	145.25
PARKMAN ROBERT L J	06/27/92-06/30/92	SEMI-PRIVATE ROOM	1600.00	0.00 031

TOTAL 18635.43 17035.43

DEDUCT	INS. PAID	COST SHARE	PAID BY PATIENT	TOTAL PAYABLE	NET PAYMENT
** 0.00	0.00	0.00	0.00	17035.43	0.00

REMARKS

CATASTROPHIC CAP REACHED. COST SHARES AND DEDUCTIBLES NO LONGER APPLY.
\$7,544.70 HAS BEEN ACCUMULATED TOWARD THE CATASTROPHIC CAP OF
\$7,500.00 FOR FISCAL YEAR '94.
CODE 031 DOMICILIARY/CUSTODIAL CARE NOT COVERED. SEE ITEM FOUR ON REVERSE OF
PAGE 1.

***** BENEFIT SUMMARY *****
TOTAL PAYABLE NET PAYMENT
17035.43 0.00

IMPORTANT NOTICE

Explanation of Benefits

1. THIS NOTICE CAN BE USED:

- As a deductible certificate to show your providers the amount of the outpatient deductible met as of the date of this notice.
- As a record of bills paid or denied (if you submitted other medical expenses not shown on this form, you will receive a separate notice.)
- To collect other insurance. This notice may be used to claim benefits from a secondary insurance policy. Since the insurance company may keep this notice, it is advisable that you keep a record of this information.

IF YOU NEED MORE INFORMATION:

- Check your CHAMPUS Handbook.
- See the Health Benefits Advisor or Health Care Finder at the nearest Uniformed Services medical facility.
- Always give your Sponsor's Social Security number when writing about your claim.
- If inquiring about this claim, please provide the claim number located on the front of this form.
- Contact us at the telephone number shown on the front of this form.
- Written inquiries except Appeals (see #8) and Grievance (see #10) should be mailed to the following address:
Foundation Health Federal Services, Inc.
CHAMPUS Services, Correspondence Unit
P.O. Box 17817
Tucson, AZ 85731-7817

2. TIME LIMIT FOR FILING CLAIMS.

Example: For services received
1 Jan 93-31 Dec 93 File Claims By
1 Jan 94 & after 31 Dec 94

All claims for benefits submitted under CHAMPUS/CHAMPVA for Dates of Service prior to January 1, 1994 must be filed with the appropriate CHAMPUS contractor no later than December 31 of the calendar year immediately following the year in which the service or supply was provided. For services on and after January 1, 1994, all claims must be filed with the appropriate CHAMPUS contractor no later than one year from the date of service or the date of discharge in the case of inpatient care.

If your claim was denied because it was not filed on time and you believe you were not at fault, contact us or your Health Benefits Advisor for assistance. In limited circumstances, exceptions may be made.

3. TYPE OF SERVICE CODES

First Position	
A = Ambulatory surgery cost-shared as inpatient (Active Duty dependents only)	N = Outpatient cost-shared as inpatient
I = Inpatient	O = Outpatient Care Other
M = Outpatient maternity care cost-shared as inpatient	P = Outpatient partial psychiatric hospitalization care cost-shared as inpatient

Second Position	
1 = Medical Care	A = DME Rental/Purchase
2 = Surgery	B = Drugs
3 = Consultation	C = Ambulatory Surgery
4 = Diagnostic/Therapeutic X-Ray	D = Hospice
5 = Diagnostic Laboratory	E = Second Opinion on Elective Surgery
6 = Radiation Therapy	F = Maternity
7 = Anesthesia	G = Dental
8 = Assistance at Surgery	H = Mental Health Care
9 = Other Medical Service	I = Ambulance
	J = Program for Persons with Disabilities

4. YOUR RIGHT TO APPEAL THIS INITIAL DETERMINATION:

If you disagree with the determination on your claim, you have the right to request a reconsideration. Your **SIGNED** written request must state the specific matter with which you disagree and **MUST** be mailed to the following address no later than ninety (90) days from the date of this notice. If the post mark on the envelope is not legible, then the date of receipt is deemed the date of filing. Include a copy of this notice. On receiving your request, all CHAMPUS claims for the entire course of treatment will be reviewed.

Foundation Health Federal Services, Inc.
CHAMPUS Appeals
P.O. Box 17822
Tucson, AZ 85731-7822

Should a beneficiary unknowingly receive services for non-CHAMPUS benefits, the beneficiary will not be held responsible for the charges.

5. IF PAYMENT NOT BASED ON THE FULL AMOUNT BILLED:

The amount CHAMPUS may pay is limited by law to the lowest of:
a. The CHAMPUS Maximum Allowable Charge, i.e. the charge made 80 percent of the time by physicians or suppliers in the country for similar services during the base year adjusted by where the services were rendered; or
b. Prevailing charges, i.e. the charge made 80 percent of the time by physicians or suppliers in the state for similar services during the base year; or
c. The amount the provider actually charges for the service or supply; or
d. The fiscal year 1988 prevailing charge adjusted by the Medicare Economic Index (IMEI); or
e. The discounted charge that a provider has agreed to accept under a special program approved by the Director, OCHAMPUS.

6. PATIENT'S SHARE OF THE COST FOR AUTHORIZED CARE:

Inpatient Benefits
*See remarks on front.

Outpatient Benefits
Dependents of active duty members
E-4 and below
First \$50 of allowable charges incurred by a patient each fiscal year (1 October-30 September) not to exceed \$100 per family plus 20% of allowable charges after deductible has been paid.

Dependents of active duty members
E-5 and above.
First \$150 of allowable charges incurred by a patient each fiscal year (1 October-30 September) not to exceed \$300 per family plus 20% of allowable charges after deductible has been paid.

Retired members, their dependents and the dependents of deceased members.
First \$150 of allowable charges incurred by a patient each fiscal year (1 October-30 September) not to exceed \$300 per family plus 25% of allowable charges after deductible has been paid.

Claim payments are subject to the provision that the beneficiary cost-share is collected by the provider. The provider's failure to collect the cost-share can be considered a false claim and/or may result in reduction of payment.

7. SPONSOR, PATIENT OR DEPENDENT NOT ENROLLED OR NOT ELIGIBLE ON DEERS:

If the Defense Enrollment Eligibility Reporting System (DEERS) indicates that the sponsor, patient and/or dependent is not enrolled or eligible for CHAMPUS benefits, you should contact your Health Benefits Advisor or your service personnel office. Future claims will be denied if you are not enrolled in DEERS. If the claim was denied and the sponsor has recently gone on active duty, resubmit the claim with a copy of the duty orders and a photocopy of the patient's identification (ID) card or parent's ID for dependent children under 10 years of age. If the sponsor is retired, resubmit the claim with the sponsor's retirement papers and a photocopy of the patient's ID card. If the sponsor is deceased, report to any service personnel office to get enrolled or call the appropriate number listed below.

8. IDENTIFICATION CARD (ID) OR ELIGIBILITY EXPIRED ON DEERS:

The Defense Enrollment Eligibility Reporting System (DEERS) indicates that the patient's ID card or eligibility has expired. To get a new ID card or extend eligibility, if sponsor is active duty, report at once to any parent service personnel office, if sponsor is retired or deceased, contact any service personnel office. If the claim was denied, when the patient obtains a current ID card, resubmit the claim with a photocopy of the new ID card (both front and back sides). In an emergency, call the appropriate number listed below.

FOR DEERS INFORMATION CALL
CALIFORNIA.....1-800-334-4162 HAWAII & ALASKA.....1-800-527-5602
ALL OTHER STATES.....1-800-538-9552

9. BENEFICIARY NOTICE:

Please review the services shown on the front side of this CHAMPUS Explanation of Benefits. If you find that payment consideration has been made for any services that you did not receive, or that services were provided by a health care professional that you did not see, please call the "800" telephone number shown on the front side of this form.

10. TO FILE A GRIEVANCE:

If you become dissatisfied with the quality, timeliness or accessibility of care, you may file a grievance. Mail your written grievance to:

Foundation Health Federal Services, Inc.
CHAMPUS Grievances
7800 IH10 West - Suite 300
San Antonio, TX 78230-4750

Harris Methodist Health Plan

Attachment 2

June 14, 1994

Vencor Hospital: Dallas
ATTN: Lynn Prewitt
1600 Abrams Rd.
Dallas, TX 75214

Re: Joy Barton
Sponsor:
Sponsor ID: 193-14-0788
Plan: CHAMPUS Standard

Facility:
Physician:
Date of Service:

DENIED SERVICE: Inpatient Hospital Stay at present level of care past June 20, 1994.

Following review by the Medical Director, this confirms CHAMPUS denial of coverage.

Services are custodial, and therefore are not a benefit of coverage under CHAMPUS.

Please note that this is a denial of coverage under CHAMPUS for the requested services and does not mean that the above service cannot be performed. That decision rests with you and your patient whether to have the services performed.

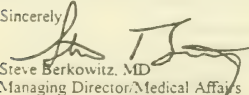
APPEALS PROCESS

If you or your patient do not agree a written appeal must be submitted no later than ninety (90) days from the date of this notice. All appeals should be directed to:

CHAMPUS Provider/Beneficiary Appeals
HMHS/CHAMPUS Service Center
611 Ryan Plaza Dr., 12th Floor
Arlington, TX 76011
ATTN: Jackie Bradshaw

For additional information on benefits and/or limitations of Plan coverage, please refer to your Provider Manual. Should you have any questions, contact Benefit Services at (800) 982-2883 or (817) 332-4440.

Sincerely,


Steve Berkowitz, MD
Managing Director/Medical Affairs

^C Earl Barton
^{A member of}
Harris Methodist Health System



DEPARTMENT OF DEFENSE
 OFFICE OF CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED SERVICES
 AURORA, COLORADO 80046-0000

Attachment 3

PAC

June 20, 1994

Mr. Charles D. Rose, Vice President
 Government Contracts
 Foundation Health Federal Services, Inc.
 3400 Data Drive
 Rancho Cordova, CA 95670

Subject: Skilled Nursing Services and Custodial Care

Dear Mr. Rose:

This letter follows a recent telephone conversation between FHFS (Dr. Smith and Ms. Connie Hack) and the OCHAMPUS Program Development Branch concerning reimbursement of skilled nursing services for a custodial patient.

According to DoD 6010.8-R, custodial care is excluded as a CHAMPUS benefit. However, certain benefits are available in connection with a custodial care case. One of the benefits available is limited skilled nursing services. It is recognized that an occasional specific skilled nursing service may be required. When it is determined that skilled nursing services are needed, benefits may be extended for one hour of nursing care per day.

In the specific case discussed with FHFS staff, the patient has chronic pulmonary disease and is on a ventilator in a subacute care facility. Daily supervision of the ventilator care is considered a skilled service and may be broken out and paid at one hour of skilled care per day.

Hopefully, this addresses the issue raised by FHFS. Please contact Tanya Agee should have any questions, or need further clarification.

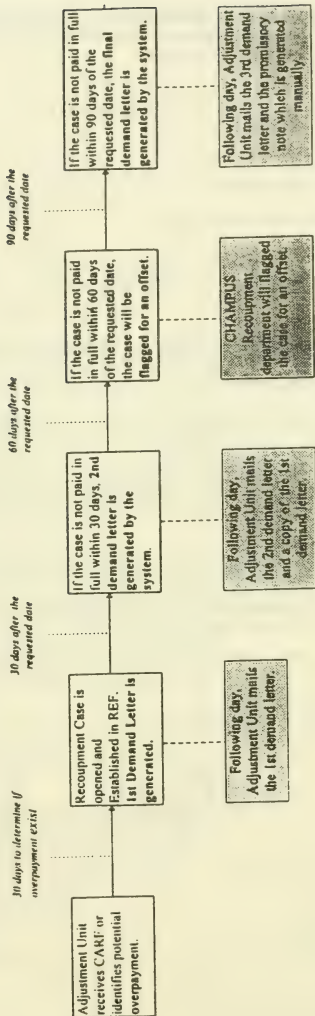
Sincerely,

Richard E. Bellamy
 Chief, Coordinated Care Branch

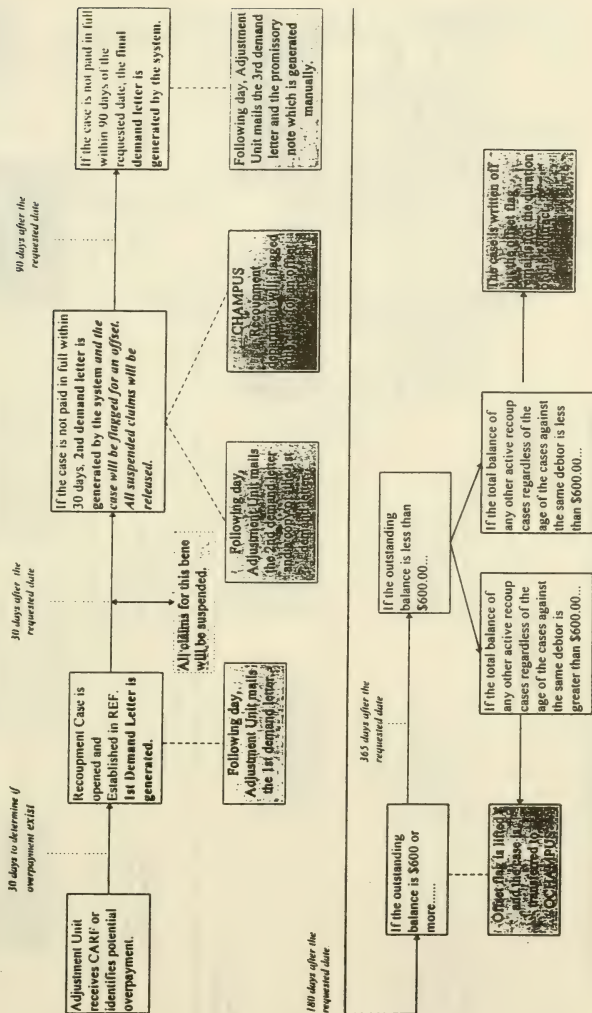
CC:
 Denis Navarro
 Joyce Price

CRIT4171D

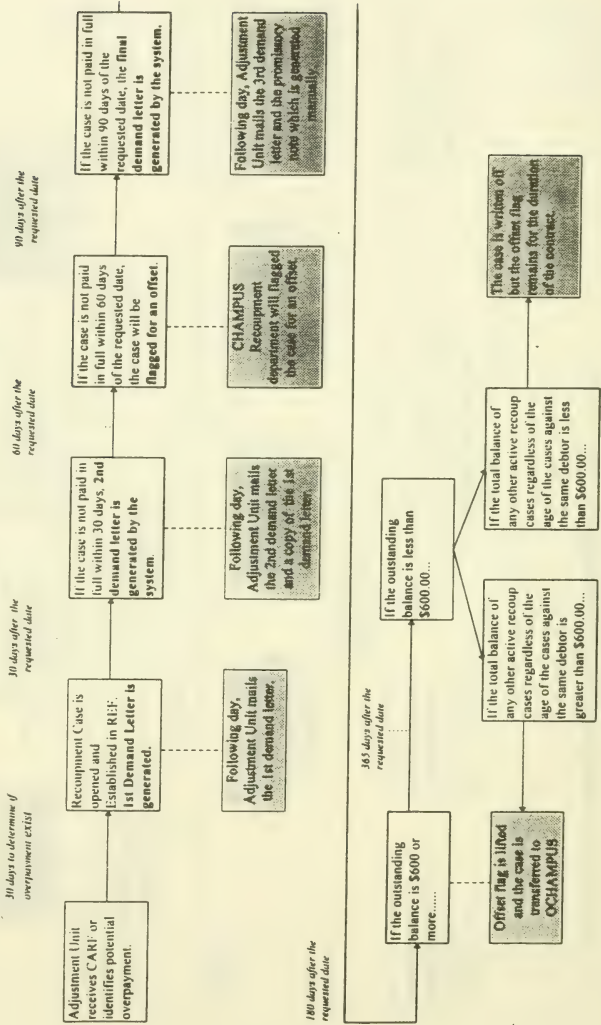
Time Line for Recoupment Case for At-Risk



Time Line for Recoupment Case for Beneficiary- Not - At- Risk



Time Line for Recoupment Case for Provider- Not - At-Risk





BRS

DEPARTMENT OF DEFENSE

Attachment 5

OFFICE OF CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED SERVICES
 411613A, CTS DRAOC 8000-5-8880

March 6, 1996

Ms. Sandy Hudson
 Financial Recovery Unit
 Foundation Health Federal Services, Inc.
 P.O. Box 2890
 Rancho Cordova, CA 95741

Dear Ms. Hudson:

The Director of OCHAMPUS has requested that all recoupment actions pertaining to the late Joy Barton, Sponsor Social Security number 193-14-0788, be ceased until further notice.

Thomas J. Quoba
 Thomas J. Quoba
 Director, Beneficiary and
 Provider Services

OPTIONAL FORM NO. 10 (7-89)

FAX TRANSMITTAL

of pages 10

Please pass to Mr. Hudson

To: <i>Nancy MacKinnon</i>	From: <i>Bill Kurlin</i>
On: <i>203 361-1166</i>	Phone: <i>203 361-1166</i>
Fax: <i>916 851 0399</i>	Fax: <i>203 361-1167</i>
FORM 7040-101 917-1088	FORM 101 GENERAL SERVICES ADMINISTRATION

Attachment 6

April 11, 1996

In Reply Refer to:
96-GC-1504

Mr. Chuck Guidice
Contracting Officers Representative
OCHAMPUS/MCA
Fitzsimons Army Medical Center
Aurora, CO 80045-6900

Subject: Contract MDA906-95-C-0005
Request for Guidance - Reimbursement For Custodial Care

Dear Mr. Guidice:

Enclosed please find the attached list of issues, concerning Reimbursement for Custodial Care, for which Foundation Health Federal Services (FHFS) Inc., requests guidance. This request has been verbally discussed between Mr. S. Isaccson (OCHAMPUS) and C. Hack (FHFS).

Your quick response to this request for guidance is appreciated. Should you have any questions concerning the issues or the letter please contact Conni Hack at (916) 353-6624 or the undersigned at (916) 353-6645.

Sincerely,

Richard L. Hobson
Manager
Government Contracts

Attachment: Request for Guidance - Reimbursement for Custodial Care

cc: Deanna Harris (OCHAMPUS/CMA)
Don Thompson (OCHAMPUS/MCA)

**REQUEST FOR GUIDANCE
REIMBURSEMENT FOR CUSTODIAL CARE**

Issues for Guidance:

Specifically, we are interested in when the beneficiary is held responsible for payment.

1. If the provider accepted assignment from CHAMPUS and CHAMPUS will not pay for the care (e.g. non-covered benefit), we believe the beneficiary can be held responsible and billed by the provider. Is this a correct assumption?
2. In the case of an overpayment, can the beneficiary be held responsible and be billed by the provider for the payments recouped by the contractor?
 - a. If the contractor set up a recoupment against the provider for non-covered benefits, will the beneficiary be responsible to reimburse the provider?
 - b. If the contractor paid over the usual and customary charges, will the beneficiary be responsible to reimburse the provider?
3. If a beneficiary is determined to be custodial, and the contractor has determined a rate of payment as per diem care, what if anything is the patient responsible for? Foundation believes the beneficiary is responsible for non-covered services if he (and the provider) have received notice of such and the provider does not have to obtain a beneficiary signature to validate financial liability. Is this a correct assumption?
4. A provider cannot bill for other than usual and customary charges. The beneficiary would be held harmless if these charges were denied by the contractor (e.g. DME equipment, medical supplies, labs). Is this a correct assumption?
5. Are the DME rules of rental vs. purchase applicable in a non-DRG inpatient setting for protracted admission?

Mr. DORNAN. We have been joined by the distinguished gentleman from Virginia, James Moran. Did you have any questions, Mr. Moran?

Mr. MORAN. Well, thank you, Chairman Dornan. You just put your finger on the problem and asked the appropriate question. I have dropped a bill to make FEHBP available to all military retirees over the age of 65, and the reason is when you look at CHAMPUS reimbursement, it is so low, particularly in an area like the metropolitan area, virtually no one will accept CHAMPUS patients anymore. And we have a problem with Medicare even; and Medicare is substantially higher reimbursement than CHAMPUS, and so it seems to me, and I think a number of the members of this subcommittee might agree, that if it is good enough for us in the Congress and good enough for Federal employees, then FEHBP ought to be good enough for military retirees, and they want it as an option. But I understand that the Pentagon is adamantly opposed to the bill, not just in cost considerations, and so I would like to get some feedback on the record as to why it does not make sense to make FEHBP available as an option, particularly to retirees over the age of 65?

Mr. DORNAN. Mr. Moran, if you will stay, we have pretty much exhausted this panel. The next panel is going to address that specifically.

Mr. MORAN. Fine. Good. Thank you.

Mr. DORNAN. So we will do that. If there are no other questions, thank you very much. Excellent testimony. You have certainly clarified a lot for me, and this is a big adventure. And \$17 million is, as you said, a large piece of change, and it is good to have the GAO come before a House committee or subcommittee and say the magic words "it is going well." I do not know when I have had last heard that from the GAO. So thank you. Thank you very much, Mr. Backhus. The panel is excused.

The next panel is a panel of one, and we will have an expert with us, the Honorable Stephen Joseph, Assistant Secretary of Defense for Health Affairs, who, Mr. Buyer, won his spurs in New York during 4 key years in the 1980's as the health commissioner for the largest city in the North American part of this hemisphere. Dr. Joseph, welcome again. It seems like only a month ago that you were here discussing this adventure that had embarked in region 11 only 2 weeks before. So now your opening statement, sir.

STATEMENT OF STEPHEN JOSEPH, M.D., M.P.H., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS, DEPARTMENT OF DEFENSE, ACCOMPANIED BY VICE ADM. HAROLD M. KOENIG, SURGEON GENERAL OF THE NAVY, LT. GEN. EDGAR ANDERSON, JR., SURGEON GENERAL OF THE AIR FORCE, AND MAJ. GEN. JAMES PEAKE, REPRESENTING THE SURGEON GENERAL OF THE ARMY

Dr. JOSEPH. Thank you, Mr. Chairman. It is a pleasure to be here.

Mr. DORNAN. Let me interrupt you one second to recognize your linebackers there. I want to recognize the service Surgeons General who are accompanying Dr. Joseph and will be available for questions from anybody on the panel or any guest like Mr. Moran. Vice

Adm. Harold "Hal" Koenig, U.S. Navy Surgeon General. Welcome, doctor. Lt. Gen. Edgar "Andy" Anderson, fighter pilot supreme and flight surgeon. He wore both hats every time he was in the cockpit. And welcome also, doctor. And Maj. Gen. James "Jim" Peake, representing the Surgeon General of the Army, will still stay with us for any backup questions. So welcome, Dr. Joseph, please begin again.

Dr. JOSEPH. Thank you, Mr. Chairman. Let me just say that comparing New York to Hades is an unfair and prejudicial use of the power of the Chair. Perhaps we can take it up at some other point.

I am delighted to be here and with your permission I would just summarize rapidly my statement asking that it be submitted completely into the record.

Mr. DORNAN. So done.

Dr. JOSEPH. I would also ask you to permit the Surgeons General and General Peake to join me during the discussion and question period. We are partners in this. We travel well together, and I am very comfortable with them responding to either service specific or general health system questions.

Mr. DORNAN. I will ask your linebackers to come to the line of scrimmage at that moment.

Dr. JOSEPH. Military medicine at the bottomline exists to support the men and women in uniform especially when they deploy in response to our national security policy decisions. Today, our armed forces are serving a NATO peacekeeping mission in Bosnia, and military medicine is there, as you indicated earlier in the hearing.

I had the opportunity to visit our people in Germany, Hungary, and Bosnia just 3 or 4 weeks ago, and I am immensely proud of the job that they are doing and who they are. I do want to talk a little bit and say that the medical preparations we have taken with this deployed force are quite different from previous deployments, and these differences are a result of the progress that we made, both in emphasizing our readiness posture in the military health services system and implementing changes to improve our approaches to deployment, many of which arose from our experience during the Gulf war.

This time in Bosnia, prior to deploying, we conducted medical screening of all personnel. We have had an enhanced education program regarding environmental health risks they may encounter, and we are capturing demographic data on people who deploy. During this deployment, we have enhanced preventive medicine and combat stress teams accompanying the force in Bosnia. We have detailed a preventive medicine officer to the staff of the U.S. European Command Surgeon, and we are doing environmental, infectious, and all other sorts of prevention and surveillance, investigating disease outbreaks, establishing geographic specific medical surveillance systems, and the like.

And then prior to or shortly after their return from deployment, service members will be screened for identified health concerns. They will be told of access to an 800 number that they can call to report any health concerns they may have following the deployment, and we will keep rosters of deployed personnel stored in an accessible data base to allow for future review and screening.

We are establishing in Bosnia the most sophisticated telemedicine network that we have ever had, and when it is up and running we will literally have every medical site able to talk real-time electronically to every other medical site in theater and back up all the way to our Conus specialty hospitals. I think we are going to learn a lot and demonstrate a lot of the value of the telemedicine in this deployment. A perennial debate in which the military health services system is once again joined concerns the appropriate size of the medical force. Just how many physicians should there be on active duty? What is the correct size of the system itself? How much more capability can be added or subtracted based on cost-benefit analysis?

We are once again in a current assessment directed by the Deputy Secretary of Defense to update the so-called Section 733 Study of a year or two ago, and looking at the Economics of Sizing the Military Medical Establishment. This update was requested or directed because of the controversy caused by the original study and the subsequent renewed interest in the subject by this committee.

This time we are calling it the Section 745 Study from the relevant section of the 1996 National Defense Authorization Act. This time the study is cochaired. Bill Lynn, the Director of Program Analysis and Evaluation [PA&E] in the Department, and myself are cochairing a senior level steering committee that is overseeing the work. Our deadline is March 31, and we expect to have a report on this issue about that time, certainly within that timeframe.

Our contention, of course, in medical is, it is not possible to maintain a trained and prepared medical force ready to deploy on short notice without the MHSS. I think it was Mr. Thornberry in the first panel that talked about the quality of our people. We think it is a self-evident proposition that to recruit, retain, and keep sharp that quality, we have to have a robust and well-rounded military health services system that can practice what they do so that they are very good at it, both as military personnel and as health professionals. And one thing that is often lost sight of is, of course, it is not the backbone. It is the bottom line, in a sense, of our system that an independent duty corpsman or a combat medic that is the first person out there. And these people just could not be trained in the civilian sector. Part of the reason for needing the kind of hospital and infrastructure system that we have is so that we can again recruit and train and keep those medics.

Let me say some things about TRICARE. I will be happy to respond to any of the questions that were asked of the previous panel. We believe this is going well. It is hard work. It is not for the fainthearted. We have got a lot to learn. There are problems in the system, but I think everyday those programs get somewhat smaller. And what TRICARE really offers us is a kind of flexibility in maintaining that robust military health services system infrastructure in terms of what we provide directly through the MTF's and what we buy and purchase through the managed care support contracts that give us flexibility to keep what we need for our readiness mission and yet be most effective and efficient in running all the entire system.

I do not think I need to add much about the way the system is coming up. The maintenance of schedule, the frankly quite unan-

anticipated rapid response to enrollment that we have had in all regions. I would be happy to amplify on that from anything that the prior panelists have said. One thing I would say is in regard to these procurement issues and the contract issues that particularly Mr. Watts was asking about. This is new business. We are now in some of these contracts on the scale of medium-sized weapons procurement systems for the Pentagon, and this is a new business for the medics. I think we have learned a lot in the first year or two. I asked during the break for the scorecard. This is, of course, an extremely litigious and conflictual business because there is a lot of money in these contracts, and the offerers are very anxious to be winners and not losers. So today in our procurement efforts, there have been 10 protests filed. We have won six. We have lost two. One was settled, and one is pending.

In terms of civil litigation, there have been nine suits filed against us. We have lost none, and there is one pending. So I think we are doing pretty well. We have been responsive, and I would be happy to provide the specifics to the committee if you so wish to those recommendations that the GAO made last August about assuring the qualifications of people on our procurement panels. We think that system is moving much better now. I would say, of course, that part of this is the business of dealing with the Federal Acquisition Regulations, and just the cumbersome difficulty. I am not complaining about the rules. Those are the rules of the game. But I think we all have to realize that those are the rules of the game, and they are not easy to work around.

However, I would agree with what Mr. Backhus said. There are things we can do to improve our efficiency within it to improve our speed with it, and to make it easier for the offerers to give us best practice and other kinds of innovations that will make our system better.

I am going to skip through all that I was going to say about the speed with which the systems have come up. I do want to say a word about capitation financing. This came up in the prior panel. This is the key to our financial success. The history goes like this. In 1992, the Congress very wisely, in my judgment, put the defense health budget, \$15 billion a year that we spend on medical, into a single stream and under a single area of responsibility in the Assistant Secretary for Health Affairs. That then allowed us to begin to work together, the three service medical departments and Health Affairs, in a way that we could not before; and that allowed us to move our system on to a capitation basis in terms of budgeting, providing money to the individual MTF's. We are now, as was said earlier, at a capitation rate of about \$1,537 per patient per year. We could argue about what we do count and what we do not count. Clearly we are different from friendly health care incorporated in that our people have to be ready to get up and go to war at a few days notice, and there is a cost in the system of the training and readiness and deployment that that entails. But we think not only are we ahead of the power curve nationally in terms of the development of managed care, but we think we are extremely competitive in terms of cost containment, and the key that has made that possible is the process of capitation budgeting.

That also gives me an opportunity to say a word about the issue of CHAMPUS costs or CHAMPUS rates and physician or other health professional dissatisfaction. This is not for the fainthearted, and the business that we are in is maintaining an extremely high quality system, improving the access in that system, and doing what the Congress asked us to do, controlling costs within that system. And when we go into a region with our immensely popular dental health program for dependents, from time to time a local group of dentists or a local group of physicians will bridle at the CHAMPUS reimbursement fees or the contract fees available.

By the way, we are scaling our CHAMPUS fees right along with Medicare, and you kind of cannot have it two ways. If we are going to run an effective system and drive down medical costs, which is a major problem in this country and not only one of the military, it is going to mean that some people are going to be unhappy with the individual rates and individual circumstances; and we try to balance that in the fairest but also the most tough-minded way that we can.

I want to talk now about the problem of our dual eligibles, the Medicare eligibles who are also DOD beneficiaries.

Mr. BUYER [presiding]. Dr. Joseph.

Dr. JOSEPH. Yes.

Mr. BUYER. I do not mean to interrupt you. We have a vote on. It is on the Istook amendment on Federal grants. You have submitted a statement that will be for the record. I would like to interrupt your statement here just for the moment.

Dr. JOSEPH. Fine.

Mr. BUYER. I know Mr. Moran has to leave, and Mr. Moran, I would permit you to ask your question now if there are no objections that we do this out of order? Just go ahead.

Dr. JOSEPH. I am comfortable any way you want to do it. Sure.

Mr. BUYER. Let us go ahead and do this real quick, and then we will have to take a break to vote and we will come back and we will permit you to say whatever you need to say. Is that OK?

Dr. JOSEPH. Sure. Not a problem. Absolutely.

Mr. MORAN. Well, that is very generous of you. Thank you, Mr. Buyer. The question that I want to get at is your objection to the FEHBP being available as an option, particularly to people over the age of 65. We had a hearing in the Civil Service Subcommittee on this issue, and it was stated at that point that Dr. Joseph had a strong objection to inclusion of that as an option. I think you have looked at it more intensely, and you may have some other suggestions at this point. We have had a study done. I think Burch & Davis Associates did a study for the Department of Defense to evaluate the cost implications of making FEHBP available for military personnel. We paid about \$70,000. But the study was never released. So I would particularly like to see the results of that evaluation. As far as I can see, we have not seen the results, and so I would particularly like to see that.

Dr. JOSEPH. Sure.

Mr. MORAN. And the fact that this program, Medicare subvention, really does not seem to help people in States like Indiana, Vermont, Iowa, Wisconsin, and Minnesota that have no military medical facility available or even a small walk-in clinic. So those

are the concerns that we have, and I know we have limited time, but I appreciate Mr. Buyer giving me the opportunity to ask that.

Dr. JOSEPH. Mr. Moran, let me respectfully directly disagree with your characterization of mine and the Department's position on the FEHBP, and I am happy to do that for the record. We are not opposed to FEHBP as an option within the larger system. What I believe I said at the hearing and certainly what I would say here now is we think two things. One, it is important to look at FEHBP as an option among other options for people who would wish to take advantage of it. And we are in the process now of doing a study internally in Health Affairs in the department looking at that option. I am unaware, and my staff backup here also is unaware of a Burch & Davis study. I will go back and check that, but I know of nothing of the sort, certainly not in the last couple of years. So that is one.

No. 2, the basis for, I think, your misconstruing my opposition or the level of it: what I did say at the hearing and I would repeat here, is that we need to be very careful in light of the readiness and military preparedness issues that I spoke about early in my statement that we do nothing major across the system that would significantly destabilize medical readiness. And so our position is that there may well be a role for an FEHBP option within the overall TRICARE and MHSS system. We are looking at that now and trying to see what the cost issues would be, what the acceptability issues would be, and we will certainly share that with you and the other members when we have it.

And then the last point is, every look that we have had at this and every look that I believe everyone else has had at this is that any way you could do this would involve a significantly larger expenditure either for the beneficiary or for the government or for both. With that on the table and, you know, one willing to look at the implications of that, we really have no opposition to looking at the pros and cons of an FEHBP option within other options as long as it would not destabilize our readiness posture.

Mr. MORAN. That is a more constructive approach than I understood was the case, and I appreciate that attitude. I know we are going to hear from other people who are expert in this, and thank you very much, Dr. Joseph, and thank you, Mr. Buyer. I much appreciate your consideration. Thank you.

Mr. BUYER. You are welcome. We stand in recess. We will be right back.

[Recess.]

Mr. BUYER [presiding]. I am going to call the hearing back in order. For the edification of the ranking member who is now with us, we broke the testimony of Dr. Joseph to permit Mr. Moran, who also had a meeting, a question. I think it would be very appropriate now to permit Dr. Joseph to finish his oral testimony, and then we will move into a line of questioning. So I apologize and I appreciate your indulgence and cooperation, Dr. Joseph. It is always appreciated. Please continue.

Dr. JOSEPH. Thank you, Mr. Buyer. I do not really want to take much more time except to say a few things about what I always say something about, the problem of our dual eligibles and the problem of getting Medicare subvention. You know we are doing

wonderfully well in terms of the quality of the military health services system. I believe that we have considerable data now, not as much as the previous speaker said we need—he is right about that—the GAO representative. But we have considerable data now that shows that we are very cost competitive and getting even more so.

Our real problem is access, and our access problem is principally with regard to the dual eligibles, the Medicare eligibles, who are also DOD eligibles. And we have just got to keep banging away at that, working to see if we cannot fashion some way to get Medicare subvention, Medicare reimbursement to the DOD. As I said before, that is a 1.4 billion hole in our crankcase, and that number is getting larger every year. We have got to solve that problem. We are working at it within the administration and within the Department of Defense, and we need all the help we can get on it.

I think in my interchange with Congressman Moran, I covered most of the issues that I would put in a verbal statement about FEHBP. I will certainly be happy to answer any further questions that you have on it, and I think in closing, I would just say two things. One, the SG's and I are putting more and more emphasis on the medical readiness issue. I think that is starting to show a payoff in the Bosnia deployment and in a generic sense. We need to keep that on.

And then the last thing I would say is that the Army Surgeon General, General LaNoue, is not able to be here today. This probably would be his last hearing before this committee, and I would hope that the committee would feel it appropriate to recognize the enormous contributions he has made to the developments in the military health services system over the past years. Thank you, Mr. Chairman.

[The prepared statement of Dr. Joseph follows:]

Department of Defense Health Care Programs

Statement by

Stephen C. Joseph, M.D., M.P.H.

Assistant Secretary of Defense for Health Affairs

Before the

Subcommittee on Military Personnel

Committee on National Security

United States House of Representatives

Second Session, 104th Congress

March 7, 1996

Not for publication

until released by

Committee on National Security

U. S. House of Representatives

Mr. Chairman, Distinguished Members of the Committee, it is an honor for me to be here this afternoon and to present to you an overview of military medicine, particularly our strategy for a cost-effective, everyday health care delivery system and alternatives we are developing for our retired beneficiaries and their families.

Military medicine exists to support the men and women in uniform, especially when they deploy in response to our national security policy decisions. Today, our Armed Forces are serving the NATO peacekeeping mission in Bosnia; military medicine is there. This mission, while peacekeeping in nature, is fraught with dangers to the health and safety of our troops. The environmental health threats to our force in Bosnia range from the severe cold weather, poor to non-existent public works such as sanitation, to endemic diseases and the presence of innumerable land mines.

The medical preparations we have taken with this deployed force are different from previous deployments. These differences are a result of the progress we have made in placing tremendous emphasis on our readiness posture, and of implementing changes to improve our approaches to deployment, many arising from our experience in the Gulf War.

Prior to deploying, we conducted medical screening of all personnel, we have pointedly informed our troops regarding the environmental health risks they may encounter and offered information and training on how to stay healthy. Plus, we are capturing demographic data for all those who deploy.

During this deployment, we have preventive medicine and combat stress teams to accompanying the force. Other very specialized teams will deploy at the call of the commander, in coordination with the US European Command Surgeon, to address specific potential hazards. Additionally, we have detailed a preventive medicine officer to the staff of the US European Command Surgeon. The deployed preventive medicine teams in Bosnia will assess all aspects of disease and environmental threats; establish geographic-specific medical surveillance systems; investigate disease outbreaks; implement preventive medicine measures; and, document environmental and combat exposures.

Prior to or shortly upon their return, service members will be screened for identified health concerns. Once home, service members will receive information handouts, individual counseling, and medical referrals when indicated. Additionally, rosters of all deployed personnel will be stored in an accessible database to allow for future review and screening.

The medical contingent deployed in support of our peacekeeping efforts in Bosnia includes hospitalization, dental, veterinary services, laboratory, and medical evacuation assets. In Hungary we have a larger hospital capability; and for further, more specialized

care, patients will be medically evacuated to the Army Medical Center at Landstuhl, Germany.

Most medical units in Bosnia deployed from Europe, notably the 30th Medical Group as the medical Command and Control Headquarters, the 212th Mobile Army Surgical Hospital, a 56-bed capability, situated in Bosnia, and the 67th Combat Support Hospital, a 120-bed capability, located in Hungary. As of March 4, our medical units had admitted 487 patients, performed 26 surgeries, seen 5,596 ambulatory patients, and evacuated 218 out of the theater of operations. Virtually all patients sought medical attention for diseases or non-battle injuries.

We are in the process of establishing a telemedicine network within Bosnia linking all of our medical units, then linking these units to the hospitals in Hungary, Germany and here in the U. S. Additionally, we will connect the USS George Washington, in the Mediterranean Sea, on this medical net. What telemedicine means in Bosnia is that, real-time, very specialized health care, in the form of diagnoses and consultation, can be projected forward to the patient. It means very high quality, sophisticated care for the patient, often without having to transport the patient hundreds, even thousands of miles from his or her unit.

Our nation believes it is important to ensure the health of our men and women in uniform, and to have medical attention readily available in the event of injury or disease, anywhere, anytime. These expectations mean the Armed Forces need a health care component that can do as they do; they need Army medicine, Navy medicine, Air Force medicine.

Health care deployed in support of the Armed Forces, medical research, education, primary, specialized and follow-up care, and prevention and health promotion are all elements of a strong military health care delivery system that is responsive to the needs of the people it serves.

It is my responsibility to develop the policies and design the programs to enable the men and women of the Military Health Services System (MHSS) to do their jobs. It has been my practice to closely coordinate these decisions with the Surgeons General of the military services.

A perennial debate to which the MHSS is again joined concerns the appropriate size of the medical force; just how many physicians should be on active duty?, what is the correct size of the MHSS itself?, how much more capability can be added, or subtracted, based on cost-benefit analyses?

The current assessment, directed by the Deputy Secretary of Defense, is a major update to the original Section 733 Study, The Economics of Sizing the Military Medical Establishment. The Section 733 Study was directed in the FY 1992 and FY 1993 National Defense Authorization Acts. Mr. William Lynn, Director of Program Analysis

and Evaluation, testified before this committee on April 19, 1994, on the results of that landmark study which seriously questioned the size of the current MHSS to support wartime requirements. This update was directed because of the controversy caused by the original study; the subsequent renewed interest in the issue by this committee, Section 745 of FY 1996 National Defense Authorization Act; the recommendations of the Commission on the Roles and Missions (CORM) of the Armed Forces; and, the Secretary's reply to Congress on the CORM recommendations.

Mr. William Lynn and I are co-chairing a senior level Steering Committee that is overseeing this update study. We have three working groups reporting to the Steering Committee.

Working Group No. 1 -- Wartime Requirements -- will determine the number of medical personnel needed to support the current planning scenarios involving two, almost simultaneous, major regional conflicts.

Working Group No. 2 -- Sustainment and Training -- will determine the number of medical personnel needed in the sustainment and training base to support the wartime and operational requirements.

Working Group No. 3. -- TRICARE Cost Savings -- will analyze the full cost savings potential from implementing utilization management, propose metrics to monitor the progress of the Department's TRICARE program, and consider the proposal of a fourth option, such as access to the FEHBP, for the TRICARE program.

The current schedule calls for our study to be completed by the end of this month. While it is still too early for the final results, the deliberate approach being taken this time is designed to ensure that all interested parties have an opportunity to participate and that all relevant issues are evaluated. I am confident this effort will provide the Department, and ultimately this Committee, with a valuable new baseline for evaluating the appropriate size of the MHSS.

It is not possible to maintain a trained and prepared medical force ready to deploy on short notice without the MHSS. It is in the everyday operation of the MHSS -- caring for patients of all ages -- that our medical personnel increase their skills as health care professionals. And, very importantly, it is where our medics and independent duty corpsmen receive the patient care training they need to do their most vital jobs.

An underlying strength of the MHSS is having practitioners who are themselves members of the US military. These health care professionals, like their military professional counterparts, need to maintain their technical skills; our health care personnel do this by practicing medicine in military medical facilities everyday. They also need to understand the military system, its plans, doctrine and operating systems. To gain that understanding they must use their health care skills in the military operational environment of their service: field, transportable, or shipboard medical facilities. Participation in readiness training exercises is one means that offers military health care professionals an opportunity to learn how field medical units or the medical facilities onboard ship might operate during a deployment. This training experience is essential in order that our

military medical personnel are fully prepared for military commitments which involve a force deployment. Bosnia is today's deployment, and it is one cloaked in risk to the health of our men and women who are there. We are committed to minimizing that risk and sustaining the health of our people.

TRICARE

TRICARE increases flexibility for the MHSS, which affords our military medical personnel the ability to maintain their personal readiness while assigned to a base hospital or clinic. This flexibility is demonstrated in the unprecedented collaboration among the military medical departments and in the partnerships we are building with civilian health care companies. These initiatives, joint service sharing and strong public-private partnerships, contribute to the survival of the MHSS.

Survival also means changing: improving operations, controlling costs, becoming more beneficiary-friendly, enhancing the quality of the care provided, and always continuing to support readiness. The outcome of these changes are the goals of TRICARE.

Implementation of TRICARE across the country is very much on-schedule. We began TRICARE Prime in the Northwest Region, Region 11, in March of last year. Prime services began in Region 6, Oklahoma, Arkansas, most of Texas and most of Louisiana, in November of 1995. The contract has been awarded for Regions 9, 10 and 12, California and Hawaii, with services scheduled to begin next month. In the Southeastern United States, Regions 3 and 4, covering the States of Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee, Southeast Louisiana and a small part of Arkansas, we have awarded the contract, and services will begin in July of this year. We expect to award the contract for Regions 7 and 8, the North Central and Desert States Regions, shortly with services to begin by the end of this year. The contracts for the remaining regions, 1, 2 and 5, will be awarded by the end of this year.

So far, we have been successful in tackling a variety of difficulties and obstacles, from enrollment glitches to contract award protests. While the protests are likely to continue with each new award, many of the implementation difficulties are being minimized through the sharing of information among Lead Agents. In the regions where Prime enrollment has begun, the trend is that anticipated numbers of enrollees have been far exceeded very early, leading to slow-downs in the enrollment process and even backlogs. Despite the bottlenecks, the message is clear that beneficiaries want to join Prime. In Region 11, enrollment of retirees and family members began in March 1995 and, as of February 20, their numbers totaled 137,911. This more than doubles the estimated number of enrollments projected for the whole first year. The experience is similar in Region 6, where, in the first four months of operation, enrollment numbers of retirees and family members now total 132,315 (as of 20 Feb). This exceeds the number projected for the entire first year.

Managed Care Support Contracts

Among the public-private partnerships contributing to the strength and flexibility of the MHSS and TRICARE are the Managed Care Support Contracts. Through these contracts, military hospitals expand their ability to offer the full range of health care services to beneficiaries depending on the MHSS for their care. The managed care support contracts assist military medical facilities by establishing a network of civilian providers to complement the military's capabilities, operating a health care finder service, conducting beneficiary services, processing claims, and more.

These partnerships also will afford us the opportunity to test the prospect of offering TRICARE Prime to our active duty families assigned to locations far distant from military medical facilities, such as recruiters and those in ROTC assignments. We are finalizing the details of this demonstration and hope to have it begin in Region 11 this summer.

We have awarded three managed care support contracts covering Regions 6, 9, 10, 11 and 12 to Foundation Health Federal Services, Inc. Humana Military Healthcare Services is the winning contractor for Regions 3 and 4.

Last year the Congress commended the Department on its efforts in moving towards a nationwide managed health care system for the military, TRICARE. Existing law at the time mandated that the TRICARE program be fully implemented by September 30, 1996. The Congress was concerned that the Department had accelerated the process in order to meet this statutory deadline and felt that there would be great benefit from additional time in meeting the complex requirements of TRICARE. Therefore, they extended the deadline for implementation of the TRICARE program by one year.

We have taken advantage of this new authority. We delayed the start of the procurement process for the Region 1 and Regions 2 and 5 Managed Care Support contracts. While we still plan to award these contracts by the end of this calendar year, the delay has afforded us the opportunity to complete development of the Composite Health Care System (CHCS) interoperability and to evaluate various alternative financing methodologies to allow the military medical facilities to manage and be accountable for all health care of its enrollees.

The new financial approach that we selected will significantly clarify military medical facility financial responsibility for the Prime enrollees while retaining a partnership with the contractor. There will be a continued sharing of risk for all CHAMPUS eligibles not enrolled with the military medical facility; and, more frequent bid price adjustments to improve the "real-time" cost impact of management decisions by the military medical facility commanders. By clarifying the military medical facility's financial responsibility, we strengthen that facility's incentives to manage utilization. Both of these enhancements are included in the Requests for Proposals for Region 1 and Regions 2 and 5.

Capitation Financing

One of the management initiatives that has afforded us the ability to make a significant philosophical change in health care delivery is capitation financing. Medical treatment facility commanders have been provided the information and incentive to manage all of the DoD resources expended within their areas of influence which is considered to be the user beneficiary population in their respective catchment (or health service) areas. For the past two fiscal years, the three Military Departments have provided their commanders with specific information concerning the expenditure of CHAMPUS funds as well as the dollar value of the military staff participating in patient care activities. By taking this integrated approach to health delivery planning and execution, commanders and their staffs have realized significant improvements in utilization patterns and better coordination of required services for our beneficiaries. In short, our shift in external emphasis from process-oriented workload counts to healthy beneficiaries has begun to enable clinicians to concentrate on developing strategies to encourage healthy lifestyles, emphasize preventive measures, and return sick and injured patients to full health and functionality as efficiently and quickly as possible.

The development of our capitation model for determining resource requirements has revolutionized the budgeting and programming for the Defense Health Program. With recent refinements such as adjustments for differences in age/sex mix, we have a very dependable way to forecast our per capita resource requirements. As a result, we are better able to identify real opportunities for improvements in efficiency and effectiveness.

DUAL ELIGIBLES: DOD AND MEDICARE

We continue to evolve TRICARE in our efforts to make it the best health care plan in the country. In doing so, we must work within the constraints of our budget and to the extents of our legal authorities. By Congressional direction, TRICARE shall not increase the Department's health care costs, and at the same time the costs to our beneficiaries shall not increase. This tug-of-war with dollars has caused many of our retirees to be unhappy with the enrollment fees required of them and their families, should they elect to join TRICARE Prime. The FY 1996 Defense Authorization Act, granting priority use of the military treatment facilities for enrollees, serves to alleviate some of that unhappiness.

Still, there remains one very significant issue: care for our Medicare-eligible beneficiaries. This committee was an advocate for legislation last year that would have allowed the Health Care Financing Administration (HCFA) to reimburse DoD for care that military facilities provide for these dual-eligible beneficiaries.

There are many options for resolving this issue. One alternative is to allow these patients to continue on a space available basis in our military medical facilities. However, space is becoming less and less available as our military medical facilities are closed through the Base Realignment and Closure process and as the competition for military medical facility access increases. Gradually, if no other action is taken, Medicare will

probably be responsible for an increasing share. At present, DoD estimates that it provides \$1.4 billion in care to dual eligibles.

A second alternative is to have HCFA reimburse DoD for those dual-eligibles who enroll in TRICARE Prime. Historically, the CBO has scored this alternative as increasing entitlement dollars without an off-setting decrease.

In response to the 1995 Defense Authorization Act, we proposed to HCFA conducting a demonstration whereby military medical treatment facilities may be reimbursed as providers under existing Medicare health maintenance organizations (HMO). Discussions are currently underway within the Administration to determine the feasibility of a new demonstration where DoD would maintain its current level of effort and would expend those funds first; then, turn to HCFA to cover additional dual eligible beneficiaries who choose to enroll in TRICARE Prime. We would like to see this demonstration begin as soon as technical and demographic specifications can be agreed upon.

A third alternative would be for DoD to continue to pay for medical care for Medicare eligibles. We currently budget to provide space available care to a growing number of our beneficiaries who are Medicare eligible. However, providing care under TRICARE for these beneficiaries could be excessively costly to DoD.

Recently, it has come to our attention that the Congressional Budget Office (CBO) has made cost analyses of the "concept" of a Medicare reimbursement demonstration. It is our recommendation that the CBO analyze specific authorization language.

FEDERAL EMPLOYEE HEALTH BENEFIT PROGRAM OPTION

Some of the Associations which represent our beneficiary populations have examined a variety of health care options and are seeking consideration for access to the Federal Employees Health Benefit Program as an option to TRICARE. We are examining this alternative at the present time.

I strongly believe, as do each of the Surgeons General, that any potential modification of the military health benefit must be developed in close coordination with our Committees of Jurisdiction. In that regard, we pledge to work with our committees to explore all reasonable possibilities, while ensuring the viability of the Military Health Services System and our commitment to meeting our primary responsibility to care for the Armed Forces when operationally deployed.

We are focusing our study on active duty families assigned to areas where TRICARE Prime is not available, rather than retirees, their family members and survivors. This is because DoD already assumes the vast majority of health care cost for active duty

families, whereas many CHAMPUS-eligible retirees have other primary health insurance and are not reliant on DoD at present. There is a risk that beneficiaries who are currently not reliant on the Government for their health care coverage could be induced to drop their non-Government coverage, resulting in new costs to DoD, estimated at up to \$500 million. A parallel circumstance exists for Medicare-eligible DoD beneficiaries. DoD provides space-available care in military facilities for many of these beneficiaries, but costs for private sector care is reimbursed by Medicare. Offering FEHBP coverage to DoD Medicare eligibles would require additional, new funding for DoD, estimated at up to \$1.9 billion.

CLOSING

In closing, Mr. Chairman, I want to stress to you the fact that our Armed Forces are participating in far more operational deployments than just ten years ago. These are not wars, nor combat actions. They are currently peacemaking and peacekeeping operations, humanitarian and disaster assistance efforts. It means that we have our service members on the move frequently, temporarily living in makeshift accommodations around the globe. It means we have a tremendous need for rapidly deployable, highly qualified medical personnel to ensure the health and safety of these men and women. What we learned from Desert Storm, the Sinai, Somalia, Rwanda, Haiti, Macedonia, Guantanamo, we are applying today in Bosnia.

Being prepared for the next deployment demands an actively engaged, strong Military Health Services System, one which constantly strives to find better, more effective ways to meet its myriad responsibilities. I believe we are doing exactly that with TRICARE.

Mr. BUYER. Dr. Joseph, I would concur with that, not only with the Army Surgeon General, the cooperations he had with us, but we would be remiss also not to mention his deputy, and that would be Maj. Gen. Tom Temple.

Dr. JOSEPH. Absolutely.

Mr. BUYER. And I salute them both and wish them very well in their retirement and their contributions to their country are recognized. So if you would please pass that on from myself and I am sure other Members also to them, I consider Tom Temple a personal friend.

Dr. JOSEPH. Thank you very much, Mr. Chairman.

Mr. BUYER. Thank you. Let me turn to the ranking member, Mr. Pickett, for any questions he may have.

Mr. PICKETT. Thank you, Mr. Chairman. Dr. Joseph, you mentioned the issue of the Medicare eligibles who are retired military. I do not know. Have you gone into that as to where that issue is or were the remarks you made just a moment ago the extent of your remarks on that issue?

Dr. JOSEPH. That was the extent of what I said verbally. There is more detail in my written statement; but for the verbal process here, we are working with HCFA and with OMB to attempt to fashion a large-scale demonstration that would include a maintenance of financial effort on the part of DOD, but also show that we believe we can provide with reimbursement from HCFA good care, perhaps better care in many instances, at a lower price than HCFA would currently pay for that care downtown. And we feel some importance and some urgency in fashioning that demonstration and getting it on the road.

Mr. PICKETT. Can you tell us how the Department goes about deciding who over age 65 who is Medicare eligible will get medical services in military treatment facilities?

Dr. JOSEPH. I think it is a combination of good medical judgment catch as catch can, and the accident of geography. If you are an over-65 retiree and you happen to live or be snowbirding through the central valley of California and you go to David Grant Medical Center, the Air Force Medical Center, and where 80 percent—I think it is 80 percent—or 60 percent of their outpatient visits are retirees, you will probably get seen fairly rapidly for whatever primary or specialty care need you need. If you happen to be an over-65 retiree in the national capital area, it is hard to get that space available care.

Obviously medical judgment enters into it, and those with more urgent or more complicated conditions, I would hope at least, have a better chance to get seen sooner. But this is a problem as we downsize along with the rest of the system; and as that group and the rest of our retiree population increases and as we squeeze harder and harder on the issue of responsible fiscal management of the system, that space gets harder to find. So it is a little bit by gosh and by golly, but I assume also medical judgment is a fair factor. It might be that General Peake who has been in that hot seat directly very recently could add to that as to how it works in Madigan.

General PEAKE. Sir, basically, as Dr. Joseph said, we have a lot of specialists at Madigan, we have a teaching hospital and we have

a number of complicated cases that are required to make sure that we maintain our certification and so forth. And so we try to make sure that we access that population to us, and we try to selectively do that.

What we want to do also is keep as many of those folks coming in as we can take care of so that is where the space available piece comes in. When we built our primary care portals, and we enrolled those 3,600 or so over-65 folks, initially the cut on it was a medical judgment that these are folks that require complicated care that we can do a good job of managed care by giving them a primary care provider, and so we selectively brought those folks in.

We now have a system where we think that they will accrue. As people go from 64 to 65 and are already in the program that they will be able to stay in that program as long as we have the space available to do that. That does not address the larger number of over-65 folks that if we had subvention, perhaps, we could expand that primary care portal within our own walls and be able to really improve access even more.

Mr. PICKETT. Dr. Joseph, one of the looming questions that seems to be out there is what is going to happen if reductions are made to the Medicare and Medicaid program to those people who now qualify, who will not qualify in the future, and whether the medical services that may be demanded are going to result in an additional element of cost-shifting occurring in the health care industry, which could impact significantly on the military if you are out in the market buying services from private providers. Have you given that issue any consideration in your planning?

Dr. JOSEPH. I am ashamed to say you are a step ahead of me in thinking that one through. I know we have not done any formal look at what the various proposals for changes in big Medicare would mean to us. Perhaps we need to do that. I think, you know, you do not need to be a rocket scientist to understand that that is part of the difficulty in us coming to both a demonstration agreement and agreement on the larger issue and progress on the larger issue of subvention. If the entire health care system were not in such turmoil at the moment and with the particular issues around Medicare, it would obviously be easier. But we will look at that one and get back to you. I am ashamed to say we had not thought about that way.

Mr. PICKETT. My last question. You heard the testimony of Mr. Backhus talking about when he thought he would be able to derive data that could be used to constructively assess the TRICARE program. Do you think that you and your folks will be able to improve on the timeframe and within which you will be able to get data that will be meaningful to make some assessment of where that program is going?

Dr. JOSEPH. I think, you know, this is not a red light/green light issue; it is a continuum. And I was saying to Steve Backhus at the break that I think he underestimates to some extent how far along we actually are. Just off the top of my head, there are things like we know that our per capita cost in the system is driving down, and we also know that we are not really losing traction on quality, for example, nor in our enrollees on access. So that is a piece of data. Our Composite Health Care System [CHCS] system is now

up throughout the Military Health Services System [MHSS], and we are working hard on an ambulatory data system which I think we should have ready in the next year. I have got to check that number. So there are pieces coming up all the time.

I would agree with his comments that we do need to get both more sophisticated and quicker outputs of data, both with regard to quality and utilization, but I think we have indicators that sort of form a picture. The other half of this that was talked about was the standards that we had and the access standards and the responses to our beneficiary surveys about how long people had to wait before getting a first appointment or how many phone calls it took or whatever. We have a lot of bits of data like that, which I think give us great confidence in sort of a general picture, but I agree with Mr. Backhus that what we need to do is do that in a more sophisticated way and in a more indepth way. And I do not think it is a matter of whether it is now or next year. I think we can do better with what we have now, but we need to be better than we are now next year. So I think it comes along as a continuum. And I would be happy to go back and try to put together for the committee some of those indicators that we think are useful now and certainly next time we are up here make a commitment to a much more sophisticated kind of portrayal of what we think our data shows.

Mr. PICKETT. Thank you very much, Dr. Joseph. Thank you, Mr. Chairman.

[The information referred to can be found on page 186.]

Mr. DORNAN. Mr. Buyer is next, then Mrs. Harman, then Mr. Thornberry, and then Walter Jones. I would remind the committee members that we have a third panel, four distinguished people from both the Military Coalition, which is 20 military associations, and the fairly new Military/Veterans Alliance; and I would hope that some of you will have staffers that will remain through that third panel so if they give us some input from the customers in the field, you will be able to answer some of those questions, too. All right. Mr. Buyer.

Mr. BUYER. I will try to be brief, Mr. Chairman. Dr. Joseph, in your opening, you laid out part of the deployment and postdeployment with regard to Bosnia. Let us just make sure there are good records when they get back. I mean we ran into that with the Gulf war, and we have talked about that before, but, you know, as anxious as these guys are in wanting to get home, let us make sure that we do pause and do the records correctly. This is my message to you, and I know you will do that.

Dr. JOSEPH. I agree with you, Mr. Buyer. I have been saying around the Department the rate limiting step in the quality of our care during deployment now is the medical record. We deployed 20,000 people from Europe into Bosnia. They take a lot of things in their rucksacks but they do not take their permanent medical record. There are reasons for that. The next step that we have to advance, and I think we are close to that in a kind of whiz-bang technology sense, is a read-write record that is small enough to be like a dog-tag, and that can be used anywhere in theater and does not require somebody to keep a separate list while in Bosnia and

then mail out all the returns. We are working on that one, but that is the rate-limiting step.

Mr. BUYER. Let me ask also of you. I know J.C. Watts is not here. He asked the questions regarding procurement, and you had mentioned that you will have an outline with regard to your responsiveness to the GAO report.

Dr. JOSEPH. Yes.

Mr. BUYER. Obviously, we had Secretary Perry in that chair yesterday; and, of course, he loves the procurement reforms and everything that he is doing. So if you want to be right on show and in step with the Secretary, if you would provide that to us in writing, I would appreciate that and I know Mr. Watts would.

Dr. JOSEPH. Sure.

[The information referred to can be found on page 186.]

Mr. BUYER. I am going to sidestep to an issue for which you and I have had for the last 3 years which is the Gulf war illness. Just to let you know briefly 10 days ago I was in London and met not only with British soldiers who are suffering from illnesses but also with a medical team and with Nicholas Soames, the Minister of Defense.

Dr. JOSEPH. Right.

Mr. BUYER. And I feel good. They want to move in a cooperative effort with us and let us not waste money with regard to research. They took a lot more different inoculations than what our soldiers took, and I think that they are going to focus on some of the inoculations. Their medical team is coming over to the States in April.

You know it was 2 years ago that Ross Perot called me and said I do not have much patience in dealing with the Federal Government. Do you have any objections that I fund private research? You know, who am I to tell Ross? I mean he has got more money than most countries have GNP. And so I know you are familiar with his ongoing project down at the University of Texas. And I spoke with Ross a few days ago, and he has given permission for when the medical team from United Kingdom comes to the States for them to also go to Dallas, TX. So I wanted you to be aware of that.

Dr. JOSEPH. We have been working quite closely with the Brits on this issue, both with the Ministry of Defense and Surgeon General Admiral Ravelle. He, at that time, was Minister of State of Deputy Minister Soames when I was over there. We have shared a lot of data, and we are probably going to engage in some collaborative research in the various research efforts we have ongoing.

Mr. BUYER. I appreciate that. I have no further questions at this time. Thank you.

Mr. DORNAN. Thank you. Mrs. Harman.

Mrs. HARMAN. Thank you, Mr. Chairman. I appreciate this hearing, and I think we are learning a lot about the state of medical care in the military, and I was very excited, Dr. Joseph, as you talked about the role that technology plays in medical care, especially in austere places like Bosnia. It has occurred to me for some time that if we can make technology even more available, not just to our soldier on the ground but to our military dependents and ultimately to all in the health care population, all in the population, we will have done an enormous service because accurate information in calling up records and using chips that one could wear

around his or her neck and so on and so forth will save so much time and so much money. So I am very excited to hear about it.

I just want to ask you a few questions with respect to a bill that is pending in the Congress. You are aware no doubt that in the fiscal year 1996 defense authorization bill, there is a provision requiring discharge within 6 months of diagnosis of any service member infected with HIV; and I just have several questions with respect to that.

First, you are a medical doctor and also have a masters in public health; that is correct, is it not?

Dr. JOSEPH. It is.

Mrs. HARMAN. Is there any, to your knowledge, any medical reason HIV-infected individuals should be discharged prior to the onset of AIDS or other AIDS-related symptoms?

Dr. JOSEPH. I can think of no medical reason why military or anybody else, any other people, should be either discharged from the military or lose their jobs or whatever else not consonant with their medical condition, with the state of their health.

Mrs. HARMAN. Thank you.

Dr. JOSEPH. And that, of course, has been the basis of the policy to date.

Mrs. HARMAN. I understand, and I am a strong supporter of the current policy, which I think is not only humane but also can result and should result in the discharge of people who have disabilities which have gotten to a point where they cannot render service in the military anymore.

Mr. DORNAN. Would that involve flying jobs? Would that involve flying jobs, if the lady would just excuse me 1 second?

Mrs. HARMAN. I would be happy to yield to you, Mr. Chairman.

Mr. DORNAN. Would that involve flying jobs? The FAA orders every airline to ground any pilot, copilot, navigator, or engineer who comes up HIV positive so they cannot carry on their job with the commercial airlines; correct?

Dr. JOSEPH. Well, I think in that instance, the concern of the FDA would be for unrecognized changes in their medical conditions which would endanger themselves or others. I do not think that per se would change my answer, Mr. Chairman.

Mrs. HARMAN. Mr. Chairman, reclaiming my time only because I have another commitment, and I have waited very patiently.

Mr. DORNAN. Sure.

Mrs. HARMAN. I just have a few more questions. Secondly, is it the case, in your opinion, that HIV infected military personnel are "by definition unable to carry out duties for which they were trained?" I am thinking here, for example, of many who are trained as lawyers, computer technicians, engineers, and are working in assignments directly related to that training.

Dr. JOSEPH. I am going to try to also answer that question from a medical perspective because, for example, I do not think I want to tread into the issue of status of forces agreements and the deployability issue.

Mrs. HARMAN. Right. I was not asking you about that.

Dr. JOSEPH. I think that is not your thrust to that.

Mrs. HARMAN. I was asking you about folks who are performing in office roles.

Dr. JOSEPH. Right. Well, then again depending on what the role one has been trained for and the job one is occupying, I think the general answer to that question would be "no." The exception or the issue that the chairman raised about pilots or whatever, again, you would have to put that in the context of the medical judgment of capability and risk.

Mrs. HARMAN. And I understand that, Dr. Joseph, and that is why I happen to so strongly support the current policy, which would have each individual looked at on a case-by-case basis so that determination could be made.

Mr. DORNAN. Clear that up, please, right now. That is not what happens. We just met on this. Clear that up. They are treated as a group, not individually. I got to get that straight, Mrs. Harman.

Mrs. HARMAN. They are not treated as a group, Mr. Chairman. My understanding—let me—my understanding based on the legislative action we took last year is that each service Secretary can decide for the whole population whether they should be treated as a group and automatically discharged—this does not just apply to HIV; it applies to all permanent disabilities—or should be treated on a case-by-case basis, and I think the second is what happens now. And I think that is a fair question, too. I think that it is my understanding that that is current policy; is that correct?

Dr. JOSEPH. Let me try to answer that one without getting exactly in the middle here. I think it is correct to say that HIV infected individuals are treated as a group in the sense that under the current policy or the policy before the change in the law their non-deployability or their assignment to certain functions and not others is as a group. But I think it is also correct to say that in terms of their ability to carry on those limited job assignments, that is an individual basis that relates to their medical conditions and state of actual health.

So I do not want to appear to be trying to please you both, but you are both right in that sense, I believe. The group decision is the one about non-deployability and assignment to only certain roles, but then I believe that what our policy says is within that the person who is symptomatically well enough to carry out that job is treated and continued in service and not a candidate for medical separation until and unless symptoms make them unable to carry out that role. I believe that is correct.

Mrs. HARMAN. OK. I just have one final question. There is some confusion about the Surgeons General's positions on this issue, where there has been an allegation, I believe, Mr. Chairman, that you stated in a radio interview with another one of our committee members, Mr. Torkildsen, that the Surgeons General support the provision that is in the fiscal year 1996 defense bill, and I would just like to clear up this situation. So I would ask you, Dr. Joseph—I do not know if the others are testifying, but I am asking you on the record. I am asking you because you are the witness, but if the others would like to answer, that is fine.

Do the Surgeons General support the provision in the fiscal year 1996 defense bill that requires a discharge within 6 months of diagnosis of any service member infected with HIV?

Dr. JOSEPH. To the very best of my knowledge, the three Surgeons General support the prior existing policy on HIV, but I would encourage them to speak for themselves if I am in error.

Mrs. HARMAN. Would each of you respond, if Dr. Joseph is in error? Would any of you respond?

General ANDERSON. Yes, ma'am. I would be happy to respond. I would like to quote from a letter that I offered to the Senate Armed Services Personnel Subcommittee on July 14, 1995, and subsequently passed to the chairman of this committee. And to read from that statement: "Each individual who is not deployable is a potential operational liability. Whether they represent an acceptable operational liability in the aggregate is a personnel or operational decision, not a medical one."

And I would follow that by passing on for the record to the committee a statement made to me 48 hours ago by the Chief of Staff of the U.S. Air Force to the fact that in the aggregate the 90-plus or minus-five infected individuals in the U.S. Air Force now do not constitute an operational liability or an issue of operational significance.

Mrs. HARMAN. I thank you for that statement, sir, but I would ask again what is the bottom line in terms of your support for the HIV discharge provision in the fiscal year 1996 defense bill? Do you support that provision or not?

General ANDERSON. I believe that the condition of HIV positivity should be treated as consistent with all other medical conditions in code C status.

Mrs. HARMAN. Thank you, sir.

General ANDERSON. Those are non-deployable personnel.

Mrs. HARMAN. Thank you, sir. Does anyone else have a comment? Yes, sir.

Admiral KOENIG. Yes. I became Surgeon General the end of June last year so I had no part in the fiscal year 1996 authorization process. So this will be the first comment I make for a record on HIV. I see the decisions about HIV positive personnel being a decision that has to be made by our personnel people. Our job as physicians and health care providers is to diagnose these people and to take care of them. I have a personal position on this. And it is exactly like General Anderson's. I believe that we should take care of these people on a case-by-case basis just as we take care of any other person with a medical condition that might interfere with their ability to carry out their career.

Mrs. HARMAN. Thank you, sir. And General Peake.

General PEAKE. Ma'am, I have not spoken personally with General LaNoue on this subject. But our medical concerns are addressed by the non-deployable status, and we agree with that.

Mrs. HARMAN. You mean the current policy?

General PEAKE. With the non-deployable status of those folks. The issue of their separation, again, as General Anderson said, is a personnel issue, but our bottom line is that we treat folks humanely and with care and compassion.

Mrs. HARMAN. Thank you, General. Thank you, Mr. Chairman. No further questions.

Mr. DORNAN. All right. I am going to take the Chair prerogative to pursue this because I think there is still a lot of fog in the air

here in that what you told Mrs. Harman, who has shown great concern for this issue and a humane approach, I think may have confused her. And I will attempt to show you why, Mrs. Harman. You said it ought to be the policy to handle them on a case-by-case basis, but all three of you with Dr. Joseph sitting there in my office said that you can handle on a case-by-case basis every person with asthma, with diabetes, with cancer, and with heart disease, and that you cannot treat these on a case-by-case basis. Did you not all tell me that—that they are handled as a group?

Dr. JOSEPH. I think, Mr. Chairman, that in order to try to be clear about this I would go back to my response to the prior interchange between you and Mrs. Harman; and I think what the Surgeons General are saying and certainly what I am saying—I will speak for myself—is that we believe that what the current policy or the pre-1996 situation is is that once diagnosed and once the group issues that I talked about—

Mr. DORNAN. When AIDS manifests itself, then you can diagnose them or at their yearly physical—or I assume you give them a physical more than yearly; right?

Dr. JOSEPH. Yes, sir.

Mr. DORNAN. It is twice a year?

Dr. JOSEPH. Yes, sir.

Mr. DORNAN. And if AIDS is starting to manifest itself in any one of innumerable ways because AIDS is an immune system breakdown, but please let me press Admiral Koenig, you said they ought to be handled on a case by case basis. Did you not tell me they are not a few hours ago?

Admiral KOENIG. I said that my personal opinion was they ought to be handled on a case-by-case basis.

Mr. DORNAN. Then you are saying they are not at this moment?

Admiral KOENIG. At this moment they stay in the service until they manifest signs of disease.

Mr. DORNAN. Here again what I asked you people not to do, and that is to allow this huge Goebbels's type lie to go out to the American public, massive big lie, that they stay on their job. You all know they do not stay on their job unless they coincidentally happen to be a filing clerk in the United States. Now a lawyer—Mrs. Harman mentioned a lawyer—a lawyer cannot take a deposition in Hawaii, Alaska, Guam, or Puerto Rico, let alone in any one of the 191 countries of the world other than here because they are not allowed to travel. The newspapers mention admirals' aides. An admiral's aide by definition is an outstanding officer, selected for field grade office if he is not field grade already, who travels with an admiral worldwide. An admiral's aide, by definition, with HIV would have to be given another job. So let us go down the line.

If they are pilot, they do not continue on their job in the Navy. You have already acknowledged yes; right, General Peake?

General PEAKE. Yes.

Mr. DORNAN. Right?

General ANDERSON. Correct.

Mr. DORNAN. Right. If they are in armor, artillery, combat support, combat engineers or assigned anywhere from the Arctic to the Antarctic, and I have visited both places and watched the Navy operate, there is no country in the world where they get to continue

on their job because of what Dr. Joseph mentioned, status of forces standing.

Mrs. HARMAN. Mr. Chairman.

Mr. DORNAN. They are brought home.

Mrs. HARMAN. Would you just yield for a procedural question?

Mr. DORNAN. Sure, sure.

Mrs. HARMAN. There is a vote on the floor, and we have got about 6 minutes. I would like to vote. I would love to continue this exchange with you and the witnesses right after that.

Mr. DORNAN. Sure. If you will come back.

Mrs. HARMAN. I will come back.

Mr. DORNAN. Because I tell you I would not expect you to believe what I would relate to you from what they tell me, there is so much fog in the air. And I can see the buck passing to personnel, which I accept in a way. You are doctors. You do not make these personnel decisions. I am the chairman of military personnel. I made a personnel decision based on fairness as much as I did this minuscule combat readiness situation. So we will continue when we get back. But I am just going to pursue the same line of questioning I did in my office, and the only thing that my heart breaks is the family members. And that can happen when a husband comes home and announces I am divorcing you. That is every bit as traumatic as saying I am HIV positive, maybe more so, because the wife and the children are being totally rejected as he chooses another course in life. We will be back.

[Recess.]

Mr. DORNAN. The subcommittee will come back in order. Mrs. Harman has left her folder—oh, here we are. So I assume she is back, and she is back. General Peake, you have got to catch an airplane forthwith?

General PEAKE. Yes, sir.

Mr. DORNAN. Why do you not take your leave in about 60 seconds here just after I ask this first question so you can hear it and pass it on to the Surgeon General, and then keep in mind we have a third panel here, and I think Mrs. Harman and I are going to be quoting all of you toward opposite ends on the House floor because I am not going to have hearings on this. I am the subcommittee chairman that Mr. Torkildsen's bill would ordinarily come to. I expect I am just going to refer it to the full committee. We may debate it. I anticipate a 2-to-1 victory here and then a more fulsome debate on the House floor. But here I think I may have found the key here. You handle non-deployables differently, all three services, the Navy taking care of the Marine Corps.

Admiral Koenig, there are about 5,500 non-deployables including the 1,049 roughly HIV positive, and yet in the Navy and the Marine Corps you only account for 200 some, and almost all of them are HIV. So when it comes to the aforementioned illnesses going alphabetical, asthma, cancer, diabetes, and heart disease, the Navy puts them all out on a much tougher standard than the Air Force or the Army. And you use the word "ought to be treated on a case-by-case basis." I can only come to one conclusion. That if the Navy had its druthers, no matter whether it is a medical or a personnel problem, the Navy would put them all out because they put out everybody, and that was one of the points made in the New York

Times editorial, Los Angeles Times, Washington Post, that I was being discriminatory because I was not writing legislation, as was written by Mr. Skelton last year, that was very effectively used on the floor without ever mentioning the initials HIV. It was all we are being cruel to people with cancer, diabetes, asthma and heart disease, and you all put them all out anyway.

Why is the Navy—I think I know the answer—you sail. You go to sea. Why is the Navy so much tougher, do you think, than the other services on permanently non-deployable people—you put them all out with a few rare exceptions, a handful, except for HIV, which is not adjudicated, you told me, on a case-by-case basis, and you just said it ought to be? Please, sir?

Admiral KOENIG. Well, again, case-by-case basis is a personal opinion of mine.

Mr. DORNAN. Right.

Admiral KOENIG. Why are the Navy numbers the way they are? I will reiterate. We as medics identify these conditions, we treat the conditions, we pass the information to the personnel people. They make the decisions on who stays and who goes based on the medical input to them. We do not influence that decision. We are not a part of the decision-making process.

Mr. DORNAN. But it is your understanding at the personnel level, they put out everybody except the HIV people generally?

Admiral KOENIG. We do have people who are permanently non-deployable in the Navy on active duty who are not HIV positive.

Mr. DORNAN. About 30.

Admiral KOENIG. I am not going to get into numbers. We can supply accurate numbers, precise numbers for the record for you.

Mr. DORNAN. Dr. Joseph, after I let General Peake catch that airplane, I am going to come back to you on this great observable and distinct difference in your services. That the Navy puts out everybody except about 30 people. And the only ones they are ordered to keep, and that is why I say this is a politically protected—is too strong a word at this point maybe—but this syndrome has massive political overtones, what I discussed with you about a precedent being established, that there is a universe, airline cockpit crews and the entire U.S. military because of its walking blood bank.

But I think I can let General Peake go on this. And I thank you, Admiral, for helping me see this clearly. You are doctors. You are sworn first to do no harm and then to help people in the most humane and efficient way you can, but you, your three offices, are the offices that recommended to the personnel people anybody who tests HIV positive must be taken out of their tank, their truck, their combat engineer equipment, their plane, their ship, their helicopter, their submarine, and they must be brought home from every country in the world including all U.S. territories and the two noncontiguous States of Alaska and Hawaii. You did that. You gave that advice to your personnel people; is that correct, General Anderson?

General ANDERSON. Yes, sir.

Mr. DORNAN. Is it correct, General Peake?

General PEAKE. I guess I would say, sir, that the status of forces agreement is part of that kind of issue, but in general I would agree with you, yes, sir, that is our—

Mr. DORNAN. Right. And would you say that was true, Admiral, that your predecessor and his predecessor said these people must be taken off their job, wasting all that training money, taken out of their cockpits, off their ships, in your case, and they must be assigned to the 48 contiguous States?

Mrs. HARMAN. Mr. Chairman, would you yield just for a second?

Mr. DORNAN. Sure.

Mrs. HARMAN. That same policy, however, applies to people with asthma, cancer, diabetes and heart disease; does it not?

Mr. DORNAN. In that case the Navy throws them out.

Admiral KOENIG. We have a significant number of people with conditions other than HIV positivity who are permanently non-deployable. It includes people with cancer, heart disease, asthma, diabetes, and mental disorders, that are not incapacitating. These are people who cannot go to sea, they cannot go to other foreign countries.

Mrs. HARMAN. And is it not true that a far larger number of non-deployables have all those other diseases than are HIV positive?

Mr. DORNAN. Wait a minute. I got the exact statistics. Admiral, work with me here. You have 550 HIV people, more than seven times the Air Force, but you only have 200 in that other category. In the other services, it is the reverse by 5- or 6-to-1. Are not those figures in the ball park? 550 HIV?

Admiral KOENIG. You are in the infield now.

Mr. DORNAN. OK. I see. OK. And non-deployable. Let me show you a case, Jane, because I learned this from our own building downstairs. You probably travel with her—Kim Dougherty. Her husband was an F-15 pilot. Now you are a flight surgeon and you are a fighter pilot. And you went through pilot training as a doctor or before?

General ANDERSON. As a doctor.

Mr. DORNAN. As a doctor you went through. And then they put you in a fighter slot.

General ANDERSON. Yes, sir.

Mr. DORNAN. A flying flight surgeon. Are you familiar with the Dougherty case?

General ANDERSON. Yes, sir, very well.

Mr. DORNAN. He was an F-15 Eagle pilot, best in the Air Force. Came down with lymphomic cancer. He went through his chemotherapy, as my brother did 16 years ago, and he whipped it. He went back into the cockpit, became combat ready again, flew for 2 or 3 more years, the cancer came back, and he is now in Heaven. And that is an amazing story. In other words, you use this word permanently non-deployable. You even inform me of a different designation in the Navy and the Air Force, that they have two types of non-deployable, permanent and temporary. But every pregnant woman should only be temporary. But obviously, even with lymphomic cancer, Major Dougherty was temporarily noncombat rated and non-deployable and not even allowed in the cockpit. He got all three back, went back to Saudi Arabia in the cockpit combat ready again.

So some non-deployables, and I mean asthma, heart—let us take heart disease. With most treatable heart disease, cannot you go to

Beijing and work as an intelligence officer in the Embassy or London in the Army? You could be a colonel, head of intelligence?

General PEAKE. Sir, it would depend on the level of care required, and it becomes a medical decision.

Mr. DORNAN. Could you be a marine guard, a gunny sergeant in the Embassy in Beijing?

Admiral KOENIG. You can be Surgeon General of the Navy. I have had cancer.

Mr. DORNAN. There you go. So it is a different type of non-deployable. But HIV because of what you have recommended to your personnel divisions, you are finished doing everything that is in every commercial on the air. Air Force aim high commercials. A young enlisted woman who is a mechanic on an F-16. A young guy in a tank turret be all you can be. A Navy guy see the world. You cannot see the world if you are HIV. Everybody is jerked off their job on your recommendation and they waste, they lose all that training and then they must be retrained, and then we have to look for a job you put them in, and in a military drawdown that is where unfairness cranks in.

Somebody is relieved of their duties and kicked out with 30 days notice and an honorable discharge, and the person with HIV gets their job. Yes, sir?

General ANDERSON. Sir, to be specific, and I knew Bryant Dougherty very well, he had a melanoma, and it is true that he was in assignment limitation code C, and it is true that he was taken off that and returned to flying status, and it is true that the tumor recurred, and it is true that he is now in Heaven. With respect to HIV, it is absolutely correct that I and my predecessors recommended strongly that people with that diagnosis not be assigned overseas. It is not correct that regardless of what job they are in they are removed from their job.

Mr. DORNAN. Of course not.

General ANDERSON. OK.

Mr. DORNAN. But we are assuming that everybody is an enlisted filing clerk at the Pentagon.

General ANDERSON. No, no; sir.

Mrs. HARMAN. Mr. Chairman, I could read you——

Mr. DORNAN. Sure.

Mrs. HARMAN [continuing]. A list, and I am sure that General Anderson will, too. But, here, military police, base security, war game simulation operator, firefighting, supply logistics.

Mr. DORNAN. No, no, no military police. Let us take the top of the list. You cannot carry a firearm. You cannot go on a gunnery range. And you cannot be an instructor on a pistol range. That is what I have been told. Where did you get military police?

Dr. JOSEPH. We will check that. I think none of us knows the answer to that question at the moment. We will get you that.

Mrs. HARMAN. Sir, if I could just read the rest of this list because it is interesting.

Mr. DORNAN. Sure.

Mrs. HARMAN. Communication specialist, base housing administration, medical research technician.

Mr. DORNAN. No, no. Oh, technician, but you cannot ever touch a patient again; correct?

Mrs. HARMAN. Personnel administrator. Engineering.

Admiral KOENIG. No.

Mr. DORNAN. You cannot go near patients?

Admiral KOENIG. That is not correct.

General ANDERSON. No.

Admiral KOENIG. You can touch patients. We have doctors who are HIV positive.

Mr. DORNAN. No surgery, no invasive surgery.

Admiral KOENIG. We do not get into the invasive work, but they can do noninvasive work.

Mr. DORNAN. So if they were hired as a surgeon, they lose that skill, they do other things.

Mrs. HARMAN. But there is a long list here, Mr. Chairman, of productive careers and I do not expect that you and I will ever complete this argument.

Mr. DORNAN. Sure.

Mrs. HARMAN. But I think the point here is to ask these witnesses whether they support the new HIV discharge petitions, and if not, why not? At least that was what I was trying to get at, and I think that they have answered these questions, and I, sir, look forward to an ongoing and constructive and positive debate with you.

Mr. DORNAN. Fine.

Mrs. HARMAN. But I do notice that our colleague, Mr. Torkildsen, has arrived.

Mr. DORNAN. All right. Before I yield to Peter, could Mrs. Harman submit that list and see which one of us has been mis—

Dr. JOSEPH. We will verify that list, sir.

Mr. DORNAN. And just let me tell you why the military police. You never again can touch a gun, an artillery piece, because you may get this direct dementia attack when AIDS manifests itself, and they do not want you around guns. That is what I was told.

Dr. JOSEPH. We will verify that list, sir.

Mr. DORNAN. OK.

Dr. JOSEPH. If I may, I think one piece of light that is worth shedding on this. There are some important differences between HIV infection and the other conditions that you have mentioned. All the other conditions are subject to fluctuations in a person's ability to function, and the example that you and General Anderson used kind of proved that fact. AIDS, if you leave out the time dimension for the moment, is regrettably a one-way trajectory. You do not get better. You remain well until some period, and then you become ill, and then you become iller, and with minor fluctuations you become iller and iller.

And I think it is not clarifying to look at asthma, cancer, heart disease and diabetes in the same way as you look at the need for medical supervision and job classification of HIV. The reason for having people on active duty who have HIV—

Mr. DORNAN. Excuse me 1 second. General, you can go catch that airplane. Go ahead, Dr. Joseph.

Dr. JOSEPH. The reason for keeping people with HIV infection in geographic limitation close to medical supervision and restricted in function is because of that one-way trajectory and the unpredict-

ability of the speed with which that trajectory proceeds. It is really quite different.

Mr. DORNAN. Let Mr. Torkildsen ask some questions here for 5 minutes because he may not be able to come back.

Mr. TORKILDSEN. Thank you, Mr. Chairman, and I appreciate the chance to participate. Even though I am not a member of this subcommittee, I have been following the issue very closely. Perhaps if I could ask, and I apologize if this question has already been asked, if there is any study or research about, among those personnel who are HIV positive, how many were in a combat slot versus a non-combat slot, just to give us some idea of what is being talked about? Is that available, Dr. Joseph?

Dr. JOSEPH. We do not have that, and I think again that is better asked of the personnel people than the medical. What we do have and that I would be happy to provide to the rest of the committee—we provided to the chairman earlier—is what our experience has been under the prior policy. Under the prior policy, HIV infection in recruits/HIV infection in every service has declined steadily, really quite remarkably, when you compare to what has happened in the last 10 years in the national or international sector.

And it is one of the things that I think that makes us feel secure that in addition to this policy being medically humane and appropriate, it is a policy that, far different from increasing the risk across the service of HIV infection, actually is associated with a markedly decreased risk of HIV infection.

Mr. TORKILDSEN. OK. I appreciate your comments very much. I and the chairman will probably never agree on the correct policy for this. However, going back to 1986 when the general policy was adopted, and individually the services I do not know if the dates differed at all, going back to that point in time, did any of you at any time since 1986 ask anyone in the Congress to change the policy? Was that ever a request of any of the witnesses?

Dr. JOSEPH. No.

General ANDERSON. No.

Mr. DORNAN. Admiral, your predecessor did after he retired, on my word of honor. And I think you know that is true.

Mr. TORKILDSEN. But none of the witnesses here, and as far as you know, anyone in your positions while still in the service ever asked any Member of Congress—

Dr. JOSEPH. No.

Mr. TORKILDSEN [continuing]. To change the position?

Dr. JOSEPH. No.

Mr. TORKILDSEN. I think that is very important. To your knowledge, has there ever been a time when the Congress has directed the military to single out any medical condition and dictate a policy of whether the person should be discharged or reassigned? Do you know any time in our country's history that that has happened?

Dr. JOSEPH. Not to my knowledge. We will go back and look. You mean other conditions?

Mr. TORKILDSEN. Other conditions.

Dr. JOSEPH. We will go back and look.

Mr. TORKILDSEN. Any condition?

Dr. JOSEPH. But not to my knowledge.

Admiral KOENIG. I think if we maybe went back into the last century when tuberculosis was a major problem, syphilis was a major problem, and we could not cure those conditions, we might find that. But I think in the modern era, if we restricted our looks to post-World War II——

Mr. TORKILDSEN. There is no case where the Congress has——

Admiral KOENIG [continuing]. We are not going to find anything like that that I know of.

Mr. TORKILDSEN [continuing]. Dictated to the military policy?

Admiral KOENIG. General Anderson and I have been around for most of that period of time or pretty close to most of it.

Mr. DORNAN. Have you ever known of a politically protected disease before? I never have.

Mrs. HARMAN. Mr. Chairman, if you would yield.

Mr. DORNAN. Sure.

Mrs. HARMAN. Certainly this member is not arguing for any disease to be politically protected. I am only arguing for fair treatment, and I think that the Defense Department has adequate practices in place to deal with all of these very sad and serious diseases, and that Congress does not need to micromanage this issue.

Mr. DORNAN. I think you are dealing with it on its merits.

Mr. TORKILDSEN. If the chairman will yield.

Mr. DORNAN. Sure.

Mr. TORKILDSEN. Let us approach it from that perspective. Has the Congress ever protected a disease? Has the Congress ever passed a law, to your knowledge, saying that people with one disease or one infection have to be treated differently than another? Any type of protection that you know of? Has that ever occurred to your knowledge prior to this provision in the authorization bill going through?

Dr. JOSEPH. With the exception of Admiral Koenig's comment about the modern era, I do not think so. Certainly there have been debates about how to manage one disease or another that often take a political dimension, but I am not aware of what you——

Mr. DORNAN. Could I just ask one question of Dr. Joseph? Your 4 years experience in New York City——

Dr. JOSEPH. Yes, sir.

Mr. DORNAN [continuing]. Were you not vilified because you were trying to treat this syndrome as a public health problem, and there were groups that want to treat it as a public relations problem? That is what I glean out of reading your book.

Dr. JOSEPH. Well, absolutely, sir, but that is the job of the public health official to, you know, call them as they are, and then take what comes. I mean I am not sure where your point is going.

Mr. DORNAN. But the point is in California, there are 58 communicable diseases, all of them curable, and you have contact tracing, with syphilis for openers, not this one fatal venereal disease. It is politically protected out of Sacramento, period. That is a fact. You know that is a fact as a public health veteran.

Mr. TORKILDSEN. If the gentleman will yield, I will not comment on Sacramento, but for the policy of the country I would just state that I think the military had it right when it developed the policy on its own without Congress interceding. I would hope that at some point the Congress would go back and allow you to use your judg-

ment both as medical and military officials and have a policy that is appropriate for the circumstances of the individual as well as the security of our Nation. So I applaud the military for having adopted this policy on its own, to begin with, and hope we can return to the day where you are allowed to use both your military and your medical expertise, and with that I apologize because I will have to return to vote as I think we all have to.

Mr. DORNAN. We are all going to leave to vote in about 30 seconds. Just let me say that Mr. Torkildsen has asked the question that I want the information on, and that is how many people were taken out of expensively trained positions? How many? I think it is fair to ask that anonymously of all four services, and you got two. How many people were taken off ships, planes?

Mrs. HARMAN. And Mr. Chairman, could we ask another question, a follow-on, which is how many people would be taken out of expensively trained positions who are still healthy if we continue with this automatic HIV discharge provision?

Mr. DORNAN. Well, no, that is your fault for recommending that they not stay in the cockpit or on a ship or go overseas. We agreed before you got here it is a personnel problem.

Mr. TORKILDSEN. If I may, though, if someone is trained for a non-combat role to begin with, and the new policy requires them to be discharged, I think it is legitimate to see how many of those individuals who are in a non-combat position would have to be thrown out of the military where in the past they would have been able to stay as long as they remained healthy enough to do the job.

Mr. DORNAN. Fair question.

Dr. JOSEPH. Mr. Chairman, if I just might for a moment—

Mr. DORNAN. Sure.

Dr. JOSEPH [continuing]. With all due respect, and I know of your respect and affection for the military, and I am sure this was inadvertent, but the three flag officers who are up here with me today, whatever they are, are not liars, and I think one of your comments earlier might be subject to that misinterpretation. I would ask that you correct that.

Mr. DORNAN. I will absolutely correct it. It would apply to you.

Dr. JOSEPH. Thank you, sir.

Mr. DORNAN. What I am talking about the Joseph Goebbels's big lie is out of the New York Times and papers like that where they say everybody stays on their job the minute they come down HIV positive. You know that is not true. You have never said that nor has the admiral nor has the general. I did not mean to infer any. I have never heard anybody in the military say that except starting at the political appointee level right above you all the way up to the White House and Mr. Clinton. You do not stay on your job, and you are going to get us the figures because that is a good question Mr. Torkildsen had.

Dr. JOSEPH. Thank you, sir.

[The information referred to was submitted for the record:]

INSERT FOR THE RECORD

SUBJECT: Insert for the Record for the testimony of Dr. Stephen A. Joseph (ASD/HA) before the HNSC (Military Personnel Subcommittee) - March 7, 1996

DISCUSSION:

- **Question from Representative Dornan:** How many people have been taken out of expensively trained jobs? How many were taken off ships, planes?

Answer: The Department does not routinely maintain this information. It is not Service policy to reassign members outside their primary occupational specialty solely based upon being diagnosed HIV positive. However, in each Service it is common practice for members to be assigned outside their primary occupational specialty at some point during the course of their career. If a service member is assigned to perform duties outside the member's primary occupational specialty, it must be in concert with the member's grade, rank or rating. For example:

In the Army, 25 HIV positive personnel are assigned to duty positions outside their primary occupational specialty. Army wide, approximately 9% of all positions are filled by members working outside their assigned occupational specialty. In comparison, the number of HIV positive members assigned outside their occupational specialty is 8%.

This information is not maintained in the Navy; however, all HIV positive members within the Navy are assigned to valid shore billets according to the member's office, grade, rank or rating.

In the Marine Corps, 11 of the 78 HIV positive members have been reassigned to perform duties outside their primary occupational specialty. These positions are required duties to which any Marine may be assigned regardless of occupational specialty.

Of the 83 HIV positive Air Force members currently on active duty, 4 have been retrained to perform duties outside their primary occupational specialty. However, we are unable to substantiate that the retraining was the direct consequence of the member being diagnosed HIV positive.

Regarding the second question concerning HIV positive members removed from sea duty or flight status, 252 members have been reassigned from either sea duty or flight status upon being diagnosed HIV positive. Two service members, one pilot and one navigator, are no longer permitted to fly. The remaining 250 were reassigned from shipboard duty that required overseas deployment.

- **Question from Mrs. Harman:** How many people will be taken out of expensively trained positions who are still otherwise healthy if we continue with this automatic discharge provision?

Answer: This is an extremely difficult question to answer because the Department spends a great deal to train the members of the Armed Forces. For example, in excess of \$16 million has been spent on training the HIV positive members currently on active duty in the armed forces. This amount does not include primary military education schools and advanced technical training that an individual may have received over the course of the member's career.

- **Question from Mr. Torkildsen:** How many of those individuals who are in non-combat positions would have to be thrown out of the military where in the past they would have been able to stay as long as they remained healthy enough to do the job?

Answer: The approximately 1000 HIV positive members currently on active duty are all assigned to non-deployable billets consistent with the member's grade, rank or rating. While these members are assigned duties precluding a direct combat role, the vast majority of HIV positive members, approximately 95%, are assigned to positions within the member's occupational specialty and may well provide critical support for combat operations. Under the new law, the approximately 1000 HIV positive members would be required to be separated from the military. Under previous DoD policy, these members would have been permitted to stay in the military until they developed AIDS or became unable to perform the duties of their office, grade, rank or rating.

INSERT FOR THE RECORD
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL
"DoD TRICARE AND ALTERNATIVES FOR RETIREE HEALTH CARE"
WITNESS: STEPHEN C. JOSEPH, M.D., M.P.H.
MARCH 7, 1996
Page 92, Line 2093

The information follows:

Dr. Joseph: Within the Health Affairs organization, we are excited about the possibilities which procurement reform offers us for streamlining our TRICARE procurement processes and simplifying our acquisition procedures, not only for ourselves, but also for the vendors from which we purchase services. While many aspects of the Federal Acquisition Streamlining Act (FASA) are targeted at relatively small procurements (under \$500,000) which involve commercial products, we nonetheless see significant opportunities to employ some key FASA concepts in our larger managed care support procurements. Chief among these concepts are the use of performance-based work statements and significant increases in the weight of past performance in the contract evaluation and award process.

Performance-based work statements will allow us to describe our needs to the bidding community in terms of expected outcomes rather than the more prescriptive, process-oriented requirements which characterize our procurements today. For example, instead of requiring a contractor to do utilization management in a way specifically prescribed by us, we may tell the offerors that we want utilization management to be a part of the program and what we expect to be accomplished as a result, leaving it up to the offerors to devise the best method of accomplishing the task and achieving the desired outcomes. We believe that this less prescriptive approach will free the bidding community to apply its full creative potential and past experience to meeting our needs.

As our current round of managed care support procurements have moved forward, we have taken steps to increase the weight which we accord to past experience and performance in the evaluation process, but we still rely heavily on lengthy written presentations by the offerors to convince us that they will be able to meet or exceed our requirements. They fill numerous volumes with detailed descriptions of their understanding of our requirements and their specific approaches to meeting them. As we and the contracting community gain experience in TRICARE, we expect to be able to put much more emphasis on past performance as a means of evaluating an offerors' potential for good future performance. Thus we will put less emphasis on what an offeror proposes to do and more on what the offeror can demonstrate that it has done.

We believe that this move toward increased use of performance work statements and past experience will not only provide us with better, more creative approaches to

meeting our requirements, but also will simplify our post-award contract management. Clearly stated outcome-oriented requirements and supporting measures of performance linked to positive and negative incentives will allow us and our contractors to quickly agree upon and resolve contract performance issues.

We have already begun planning for the next round of managed care support contract acquisitions. While we are pleased with the results that we have achieved based on our current procurement process, we are looking forward to even better results in the next round of procurements, as we take full advantage of procurement reform opportunities.

Mr. DORNAN. If you want, I can recess this panel and start with the new one when we come back. OK. We will recess this panel. Thank you, gentlemen. Excellent testimony. And we will include for the record the written statement of Admiral Koenig.

[The prepared statement of Admiral Koenig follows:]

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE
NATIONAL SECURITY
COMMITTEE

STATEMENT OF
VICE ADMIRAL HAROLD M. KOENIG, MEDICAL CORPS
SURGEON GENERAL
UNITED STATES NAVY
MARCH 7, 1996
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE NATIONAL SECURITY COMMITTEE

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE
NATIONAL SECURITY
COMMITTEE
INTRODUCTION

INTRODUCTION

Mr. Chairman, thank you for the privilege of appearing before you and the committee today on behalf of the dedicated men and women of Navy Medicine. I am proud to be at the helm of the Navy Medical Department as we implement the unprecedented changes required to restructure our force and meet the fast-approaching challenges of the 21st century. Navy Medicine's strategic plan, entitled "Journey to Excellence: Meeting the Challenges of the Future", will serve as Navy Medicine's guide as we re-engineer to improve every facet of our organization. To respond to today's environment of change, I have directed the Navy Medical Department to focus on five overarching priorities that pervade every area of our responsibilities: (1) **READINESS**, (2) **PEOPLE**, (3) **TECHNOLOGY**, (4) **STEWARDSHIP**, and (5) the **HEALTH BENEFIT**. Today I will limit my remarks to the Health Benefit, particularly TRICARE, and our readiness support to the Fleet and the Fleet Marine Force. But first, I would like to tell you and the Committee about the medical department on board the USS GEORGE WASHINGTON (CVN 73), where tomorrow's vision is quickly becoming today's reality.

The USS GEORGE WASHINGTON is exploiting emerging communication and diagnostic technologies in the shipboard environment in ways we have never done before. Picture, if you will, a typical morning in "sick bay". A 35 year old chief petty officer reports with moderately severe abdominal pain which mimics several potentially catastrophic diagnoses. Using Tele-Ultrasound, the attending physician is able to transmit real-time ultrasound video back to a radiologist at the Naval Medical Center (NMC), Portsmouth, VA, several hundred miles to the west. NMC Portsmouth confirms a diagnosis of acute cholecystitis. The patient can be treated conservatively for a time with antibiotics, fluids, and rest, avoiding a surgical procedure or a costly, mission-degrading medical evacuation.

A short time later, a call comes in from the Independent Duty Corpsman (IDC) on the USS BARRY, part of the USS GEORGE WASHINGTON's battle group. He needs to consult with the carrier's Senior Medical Officer about a patient with a leg infection. Using Tele-Consult, the IDC transmits full color images of the patient's leg to the USS GEORGE WASHINGTON. The technology allows the physician to "see" the patient. A diagnosis of cellulitis is made and a treatment plan is discussed. The IDC informs his Commanding Officer that the case is manageable at the present time and he will continue to monitor his patient with the Senior Medical Officer's assistance. Later in the day, the IDC again uses Tele-Consult, this time for a previously scheduled routine training session on the treatment of eye injuries.

Back on the USS GEORGE WASHINGTON, the X-ray Department has had a very busy morning, seeing a sailor with a suspected fracture and several others with various respiratory ailments. The staff is using Computed Radiography, a filmless system which produces images in 20 seconds, and allows the physician to digitally enhance the image for clarification. The resulting images can be transmitted to one of the Navy's teaching hospitals for immediate or routine review by a radiologist, as appropriate to the situation. Tremendous cost savings are made in time, reduced rework, and avoidance of hazardous chemical disposal and silver recovery - all part of the more traditional X-ray procedures. Most importantly, Sailors and Marines are returned to their worksites quicker, ready to resume their role in the ship's operation.

Later in the day, a Sailor with a severely injured finger is brought to sickbay by her co-workers. The carrier's surgeon uses the Tele-Consult technology to seek advice from an orthopedic surgeon at NMC Portsmouth on the possibility of saving the finger. The orthopedist guides the resulting surgical procedure to minimize the loss of function and save as much of the

finger as possible. Instead of sending the patient to the specialist, the expertise of the specialist has been brought to the patient.

Throughout the day, the Composite Health Care System (CHCS) assists the medical staff in tracking medical specimens, bar coded patient records, immunizations and other preventive measures for the thousands of Sailors and Marines aboard the ship. During a brief lull in patient activity, the Senior Medical Officer accesses the Internet to keep in touch with his homeport military treatment facility and to report interesting cases to the teaching staff there.

As you can clearly see, the USS GEORGE WASHINGTON is an excellent example of leveraging technology, improving health services to our Sailors and Marines, making efficient use of limited resources, and keeping primary focus on Navy Medicine's reason for existence, the readiness of the nation's military forces. The men and women of Navy Medicine, whether serving at sea, with the Fleet Marine Force, or in a hospital or clinic setting, have never been more committed to excellence. Readiness has been and will continue to be the focus of all our efforts, our "True North".

HEALTH BENEFIT

Rapidly rising health care costs and the closure of military bases, along with their hospitals, require that we look for new ways to provide our health benefit. As you are certainly aware, TRICARE is the Department of Defense response to these challenges.

TRICARE is structured around four management strategies designed to provide Medical Treatment Facility (MTF) commanders the tools, authority and flexibility to better manage the delivery of health care to their beneficiaries. These strategies are:

- (1) division of the Military Health Services System (MHSS) into 12 health services regions;
- (2) development of standard managed care options;
- (3) transition to capitation-based resource allocation; and
- (4) transition to fixed-priced managed care support contracts.

Within the constructs of TRICARE, my goal for Navy Medicine is to establish a vertically integrated health care system that meets the needs and expectations of our customers, so they get the care they need to maintain or restore health at the most appropriate level of care, based on the principles and techniques of managed care. I am confident that the TRICARE program will provide a health benefit that improves beneficiary access, assures high-quality health services, preserves choice for all non-active duty participants, and contains overall health care costs.

These proven managed care principles include choice, enrollment, primary care managers, specialty care referrals, and health promotion and wellness. Choice provides our beneficiaries with options on how they receive health care. Enrollment allows us to identify those people who make an active choice to participate in a health plan and enables us to allocate resources, both doctors and money, more efficiently.

A primary care manager, provided to every person that enrolls, is responsible for all routine health care. The primary care manager most often is a doctor but can also be a team which includes nurse practitioners, physician's assistants or, in the case of active duty members, hospital corpsmen. When an enrollee needs specialty care, the primary care manager is responsible for arranging the referral using the specialty care network. The close relationship between the patient, primary care manager, and specialists

helps the health plan focus on what's most important-maintaining each enrollee's good health.

We know the retired population is concerned that TRICARE, with its enrollment feature, may reduce the opportunity for retired families to obtain medical care at military hospitals and clinics. However, the intent of the TRICARE program is not to reduce access but to enhance the availability of care even in the face of constraints such as diminishing force structures, smaller budgets and fewer bases which collectively limit opportunities for space available care. I am confident that the TRICARE program is providing a health benefit that improves beneficiary access, assures high-quality health services, preserves choice for all non-active duty participants, and contains overall health care costs.

The main challenge most of our beneficiaries will face as they first encounter TRICARE is understanding it. To help them accomplish this, here is what we have done so far:

TRICARE articles have appeared over the last several months in a number of military publications, including *All Hands*, *Marines Magazine*, *Shift Colors*, *Retired Marine*, and *Lifeline* to explain the current benefit and changes that occur when TRICARE is implemented. At the end of January, I was given the opportunity to address the Navy's senior leadership on the TRICARE program. I presented a standard, but comprehensive, TRICARE brief that I have since sent to Commanding Officers at each of the Navy's medical and dental facilities for further dissemination locally. My headquarters staff is tracking how well we are doing in getting out the word to individual Navy and Marine Corps commands. Our goal is to brief 100 percent of all Responsible Line Commanders, Commanding Officers, Command Master Chiefs, Sergeant Majors, and ombudsmen at major commands by the end of March 1996. Before the end of July, 1996, we expect no less than 80 percent of all active duty Sailors and

Marines, as well as health care and administrative staff at our military treatment facilities, to have received at least one TRICARE briefing.

Once our beneficiaries understand the options available to them with their new TRICARE health benefit, they will find it much easier to decide which TRICARE option, Prime (HMO), Extra (Preferred Provider), or Standard (Standard CHAMPUS), is best for them. The Chief of Naval Operations, The Chief of Naval Personnel, The Commandant of the Marine Corps, Deputy Chief of Staff for Manpower and Reserve Affairs and I are committed to a program of education to help our beneficiaries fully understand the TRICARE benefit so each individual can make informed choices based on desired level of access and cost.

Military retirees continue to receive care in military treatment facilities on a space available basis. We are doing everything we can to help these people get the health care they need and deserve. Medicare-eligible retirees, prohibited from enrolling in TRICARE, may use our health care finders to access TRICARE providers who accept Medicare assignment. In base realignment and closure (BRAC) areas, Medicare-eligible military retirees and family members are authorized to participate in the mail order and retail pharmacy programs provided by the regional Managed Care Support Contract. In the Navy, we have instituted a new policy in dealing with all of our beneficiaries that I hope will really help these dual-eligible folks. We have done away with waiting lists. When a beneficiary requests a service from us, if we can't give them an appointment in the direct care system, we help them find their way to care in the highest quality, most cost-effective way from alternative sources.

Oral health is an essential factor in the wellness of the active forces and a high priority "quality of life" issue for our family members. The goal

of our dental health care benefit is access for all beneficiaries to a health care system that allows them to attain a condition of overall oral health. The TRICARE Family Member Dental Plan (TFMDP) extends affordable, government subsidized dental insurance coverage to eligible beneficiaries in CONUS, Guam, Puerto Rico, the U.S. Virgin Islands and Canada. Currently, 89% of eligible Navy and Marine Corps families are enrolled in the Plan. Family members residing overseas are provided dental care on a "space-required" basis at the nearest military dental treatment facility through the recent implementation of the OCONUS Family Member Dental Program. To furnish the necessary level of providers to supply dental care, active duty billets have been transferred from the continental U.S. to overseas sites and backfilled with contract dentists and dental technicians.

In the area of quality improvement, I am proud of the Navy's Central Credentialing and Privileging Activity (CCPA) in Jacksonville, Florida, which was established to ensure that our reserve health care providers are privileged to provide care to our troops in the event of deployment. CCPA verifies the clinical credentials and the current clinical competence of all Navy Selected Reserve providers and is being expanded to include all Department of the Navy active duty providers.

We are also in the process of establishing a skill-based privileging system for the management of competencies of all Department of Navy practitioners. This management system will provide an accurate picture of the practitioners' current skills and allow us to tailor assignments to operational and direct care needs. It will link to our readiness requirements and our direct care capacities. This initiative will build on the CCPA to allow central, automated evaluation of the available skill pool for training and assignment of personnel. It will maximize the capability of the privileging system as a quality management system.

READINESS

Readiness means keeping our Sailors and Marines healthy and on their jobs. The best support we can give to the military operational commanders is the speedy return of their people to their units. This means delivering health care as close as possible to where our Sailors and Marines are working, "at the deckplate", using the appropriate mix of providers and technology. Patients should not be moved through echelons of care unless absolutely necessary to get them well. Every time this happens unnecessarily, it drives up costs and takes Sailors and Marines away from their workplace and potentially degrades their units' mission effectiveness. In the future, our providers--not just physicians, but also other highly trained providers such as nurse practitioners, physician assistants, and independent duty corpsmen--will be delivering the health care benefit in clinics and with the operating forces directly. Our Hospital Corpsmen are the cornerstone of the Navy health care system. They will be the first point of contact for our Sailors and Marines who need medical care.

A prime example of taking care to the deckplates is occurring at the Naval Academy where Navy hospital corpsmen are now assigned to every battalion to hold sickcall for the Midshipmen every morning in Bancroft Hall, before classes begin. Over 90 percent of the Midshipmen's healthcare needs are taken care of by the Corpsmen. Only those Midshipmen that absolutely need to take time out of their academic day to visit a provider at the Naval Medical Clinic Annapolis have to do so. This reduces clinic waiting time for others and keeps Midshipmen doing what they are at the Naval Academy for, learning to be good Navy and Marine Corps officers. This approach to health care delivery at the deck plates has been so successful that we have exported it to our enlisted accession points at Parris Island, San Diego and Great Lakes. We are teaching our future Sailors and Marines that our Hospital Corpsmen are their

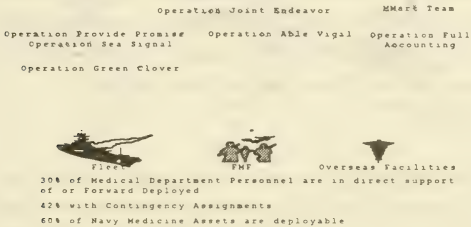
point of entry into our health care system. All are learning that corpsmen are truly the cornerstone of the Navy Medical care team. Recently, one Hospital Corpsman at Marine Corps Recruit Depot, San Diego, told me that he was so excited about being a "real corpsman" that he couldn't sleep at night. This tells me we are moving in the right direction.

Dental care is now being provided pierside to our Sailors at many of our bases from specially equipped vans. We are making use of a mobile van outfitted with optical fabrication equipment to make glasses directly at the customers' worksite. We have also developed a Mobile Hearing Conservation Audiometric Truck, or "MOHCAT" for short, that can drive up to a pier or hanger and provide hearing tests for about 80 patients a day. In every case, we want to minimize the time the service member is away from his or her unit, thus maximizing availability for their readiness roles.

We can't think of readiness and resources without thinking of our Reserves. Readiness training for Navy Medical Reservists and the health readiness status of the entire Naval Reserve Force are top priorities. When our fleet hospitals deployed to Zagreb and Guantanamo Bay, our reservists were there. Reservists proved their value as part of the Navy medical team when they backfilled at our stateside hospitals after our active duty medical personnel were deployed to Cuba. Continuing the tradition of superb service to the fleet, reserve Dental support proved to be a significant factor in reducing access time for family member dental care at Yokosuka, Japan, from six months to one month while maintaining operational readiness requirements of the active duty forces.

In 1995, the Navy/Marine Corps team responded to numerous contingency operations around the world. In each case, Navy Medicine played a key supportive role. From the Caribbean to Bosnia, Navy Medicine provided health

services and comfort to further U.S. national interests. We supported our Sailors and Marines in Operation Provide Promise, Operation Full Accounting, Operations Able Vigil and Sea Signal, Operation Joint Endeavor, and Operation Green Clover. Our Navy Mobile Medical Augmentation Readiness Teams (MMART) also participated in numerous exercises and operations other than war scenarios.



Readiness for the Navy Medical Department means having the right people, with the right training and the right equipment, in the right place at the right time. During the past two years, Navy Medical Service Corps officers have developed a planning tool, the Total Health Care Support Readiness Requirement (THCSRR), to calculate the minimum manpower resources required to deliver high-quality health care to the operational forces of the Fleet and Fleet Marine Forces. In addition, the THCSRR has a sustainment component to provide for a continuous flow of qualified personnel into the operational forces and overseas activities as people attrite either from the Navy or from their current skill level and move to a higher skill level. In the past year, Reserve requirements have also been integrated into the THCSRR to provide a total force picture of our manpower needs.

The THCSRR addresses the pressures for restructuring our medical force as a data-driven model that meets both parts of the readiness mission: (1) our wartime requirements to support two nearly simultaneous major regional conflicts (MRCs), and (2) the day-to-day operational health care requirement in support of deployed Department of the Navy units, overseas and isolated US medical and dental treatment facilities, and the necessary training and rotation base. Our efforts have been so well received by the medical planners within DoD, that the Army, and Air Force are developing their own versions of the THCSRR model. I am convinced that implementation of THCSRR is the best solution to balancing wartime, readiness, and contingency requirements, with providing health care as a benefit-of-employment to our Sailors, Marines, their families, survivors and retirees and their families.

CONCLUSION

As the Navy's 32nd Surgeon General, I am committed to building on the Navy Medical Department's heritage of service to the Fleet and Fleet Marine Force. Readiness remains at the very center of all our efforts as Navy Medicine responds to today's environment of rapid change, changing priorities, regional conflicts and disasters, and diminishing resources.

Readiness means to me:

- keeping our Sailors and Marines healthy and where they belong - on their jobs
- moving information not people
- taking health care to the deckplates

The thinking behind all of this is to keep our Sailors and Marines as close to their mission as possible, whether their work is aboard ship, in the United States, overseas, or in a training environment.

With the strong support received from you and your Committee, TRICARE is well underway and working. Marketing is the key to successful implementation of the TRICARE managed support contracts. Navy Medicine is making a concerted effort to educate our patients about their health care choices and responsibilities. I am confident that TRICARE is the very best solution for providing a comprehensive health benefit to our Sailors, Marines, their families, survivors and retirees and their families. All we need to do now is fix it for our dual-eligible population.

Mr. Chairman, I am proud to represent the outstanding men and women of Navy Medicine before you today. I would be pleased to answer any questions you or members of the Committee may have. Thank you.

[Recess.]

Mr. DORNAN. Well, the subcommittee comes back into business, and that was the final vote, I believe. I hope we can get a little continuity now. All right. The third panel. I would like to introduce this distinguished panel representing key military organizations to discuss some options for meeting the health care needs of military retirees.

First will be representatives of the Military Coalition. As I said earlier, that is 20 military associations. We have Retired Air Force Col. Frank Rohrbough. Did I say that correctly?

Colonel ROHRBOUGH. That is correct.

Mr. DORNAN. And Ms. Sidney Hickey from the ROA, my ROA, life member—and Ms. Sidney Hickey from the National Military Family Association. Welcome this afternoon. Sorry the hour is so late. You can see how heated it got in the last discussion. Retired Army Lt. Col. John Molino with the Association of the United States Army. All part of the Military Coalition.

And then of the Military/Veterans Alliance, Retired Army Col. Chuck Partridge. Charles, good to have you back again. I am going to exercise—were all of you in the room during the tail end of the last panel?

Colonel PARTRIDGE. Yes, sir.

Mr. DORNAN. I am going to exercise the prerogative of the Chair to do what I think Mrs. Harman and Mr. Torkildsen, who was a guest of the committee, were driving for. Could I ask you your opinion, Mr. Rohrbough? You have full first amendment rights since you are no longer in uniform. What do you think about people not part of the blood bank. I will load it. The walking blood bank. Do you think it was fair to give 6 months and an honorable discharge to everybody who has the HI virus?

Colonel ROHRBOUGH. Let me say, sir, on behalf of the Retired Officers Association, we have no position on this matter. If you wish to express my private opinion—

Mr. DORNAN. Yes.

Colonel ROHRBOUGH [continuing]. I would be glad to do that.

Mr. DORNAN. Please do.

Colonel ROHRBOUGH. I personally feel that the individuals who have served their country and have, in fact, performed admirably that they should pretty much follow the lines, be managed much along the lines that the Surgeons General have reported. That as long as they are medically capable of doing their job that they ought to be allowed to be able to do that.

Mr. DORNAN. Suppose they are pulled off their job, off their ship, their helicopter, their tank, their plane, the firing range, military police? Suppose they have to be trained into somebody else's job and we have to let someone else go? Changes it, does it not?

Colonel ROHRBOUGH. Yes, sir. I am not sure that I can address that question in that light. My background is in health care administration, and I look at it strictly from the medical delivery standpoint and to treat the patients as best as we can under the conditions and the other issues having to do with personnel management, and I am not ready to comment on that.

Mr. DORNAN. See that is the biggest confusion across America, thanks to the bias of the networks, everybody assumes everybody

who comes up HIV positive is in the United States already, that they do not get jerked home from Bosnia and cause someone else to go in their place who maybe has already been deployed several times. That happens; or people think that they are a filing clerk at the Pentagon. But you probably were not aware they cannot go to Alaska, they cannot go to Hawaii, and those are States as of 1959 and 1960; they cannot go to Guam, Samoa, Puerto Rico, and not one of the 191 nations in the world. Somebody has to be deployed overseas.

Colonel ROHRBOUGH. In their place.

Mr. DORNAN. To replace them. So that was a good question Mr. Torkildsen asked. How many do come off their jobs and how many get to stay on the job they are already in because it is either non-essential, not going in harm's way or it is never going to be a job that goes overseas? Ms. Hickey, would you want to venture a group opinion or a personal opinion?

Ms. HICKEY. Mr. Chairman, basically I do not have nor do we have anybody in the association that has the expertise to make any valid conclusion from a medical point of view and certainly not from a personnel point of view.

Mr. DORNAN. Sure.

Ms. HICKEY. We are basically geared to families. So that is not our area of expertise nor is it mine.

Mr. DORNAN. Colonel Molino.

Lieutenant Colonel MOLINO. Mr. Chairman, I would say that the Association of the United States Army has not taken a formal position on this bill so I can only give you my personal opinion.

Mr. DORNAN. Sure.

Lieutenant Colonel MOLINO. When I was on active duty, I worked in preparing some of the testimony and the preparation for General Carney, who was the Deputy Chief of Staff of Personnel at the time, who testified on this issue. And his position was that the numbers were not so big as to be a readiness issue with the Army. The numbers were, in fact, going down, and that he did not consider the immediate discharge appropriate because he did not think it was a readiness issue. He thought that there so few that it was minuscule the issue of one person replacing another person because it was so small.

My concern would be that—

Mr. DORNAN. He changed his opinion after he took his uniform off.

Lieutenant Colonel MOLINO. My concern would be that the people who have asthma, the people who have cancer, I think that is comparable. If those people are allowed to stay on active duty even though they cannot be deployed around the world, I do not see why a person with HIV cannot. Now if they cannot do their job, that is a different issue. They are enlisted to do their job. If they cannot do their job, they should be doing something else for a living.

Mr. DORNAN. Right. Did you hear the figures on the Navy though? 550 HIV, only 200 in those other categories out of 5,000, which shows the Navy has a totally different policy, and if we let the personnel system work, those 550 would come down to less than 200, but they are ordered to politically protect this category. And it almost goes without saying. They know that under a Clinton

administration, this is a cause celebre for them so as not to set a precedent because Mr. Clinton took \$4 million from the only organized lobby that has a vested interest in this. Drug industry does not come forward. I mean the illegal narcotics industry and say keep our people on active duty, nor does anybody who wants to keep houses of prostitution open at Navy ports of call. There is only one lobby driving this, and you know what it is. Did you have a group opinion with Military/Veterans Alliance?

Colonel PARTRIDGE. Not from the group, sir, but our association, generally our association has not formally taken a position either, but if we did take a position it would probably be something like this. Colonel Harris Summers did an article on this question.

Mr. DORNAN. I put it in the record.

Colonel PARTRIDGE. And our position would track with that.

Mr. DORNAN. Thanks. All right. Let us get to the subject at hand. We will start with Colonel Rohrbough, your statement, sir.

**STATEMENT OF COL. FRANK G. ROHRBOUGH, U.S. AIR FORCE
(RETIRED), THE RETIRED OFFICERS ASSOCIATION**

Colonel ROHRBOUGH. OK, sir. On behalf of the Military Coalition's Health Alternatives Reform Task Force, which we call CHART, we would like to express our appreciation to you, Mr. Chairman, and to the distinguished members of this committee for holding these very, very important hearings. This testimony provides the collective views of the military and veterans organizations shown in our written testimony, which represents over 3-million members of the seven uniformed services, officers and enlisted, active, reserve, retired, plus their families and survivors.

Because of the many concerns that member associations are hearing from all eligible beneficiaries about access to military health care and some of the problems some are having with TRICARE, the Coalition's Health Alternative Reform Task Force, again CHART, conducted a thorough evaluation of possible alternatives to the current health care benefit provided to all uniformed service members and their families. The objective of CHART was to offer alternatives to the chief executive officers of the member associations that would improve access for non-active duty beneficiaries to the Department of Defense sponsored health programs and better meet the needs of health care beneficiaries.

All of the options reviewed would significantly improve the uniformed services health benefit but some more significantly than others. The first one, Medicare subvention, should be aggressively pursued. However, because it is limited in application—only about 30 percent of the uniformed services beneficiaries are over 65, it should be combined with at least one of our other options.

The second option is the worldwide prescription drug coverage option, and it is applicable worldwide and would help partially fill the void created because Medicare eligible uniformed service beneficiaries are being denied access to the military health services system. Although it is broader in application than subvention, it too is limited to beneficiaries over 65. If enacted in concert with subvention, it would provide valued pharmacy benefit, but this option would result in an unequal benefit in the end.

We say this because only those with access to TRICARE Prime would have the full range of health care benefits available to them. Those not able to enroll in TRICARE Prime and have to be relying upon Medicare and the prescription drug benefit would be short shrift compared to the Prime enrollees and Federal civilian and private sector retirees and annuitants.

The third option is the CHAMPUS as second payer, and particularly with the coordination of benefits option. It would provide a military unique benefit. However, the cost at \$2.3 billion per year is not likely to engender support from OSD or the military services. They had recently rejected a bill to provide the less costly benefits less benefits approach which had a cost of \$1.3 billion.

And finally, the FEHBP would be another alternative. It would be available to all uniformed service beneficiaries and it is a highly attractive option. Its greatest strengths are that it would provide a uniform, defined benefit for all participants. It would align the uniformed services benefit with coverage provided to employees and retirees in the public and corporate sectors.

However, because of concerns about the readiness implications associated with the CBO's proposed elimination of the Department of Defense peacetime mission, the cost of implications of a premium based system for enlisted retirees if CHAMPUS were eliminated, the selling out of TRICARE without giving it a chance to swim, and the potential loss of access to the military treatment facilities of some 324,000 Medicare eligible beneficiaries, who currently have access to them, dictated a walk-slow approach, we thought it prudent to go with FEHBP for Medicare eligibles regardless of age, and we refer to this option as FEHBP-65.

FEHBP-65 has many distinct advantages. It would not adversely impact on readiness because it does not contemplate eliminating DOD's peacetime health care delivery system. It provides better and more comprehensive coverage than the worldwide pharmacy prescription drug benefit or CHAMPUS as second payer. It is less costly to the government than CHAMPUS as second payer. It is also less costly to beneficiaries than most Medicare supplements. Further, FEHBP covers the prescription benefit and retirees traveling to or residing overseas. Finally, it is a totally voluntary option with an annual open season where individuals can join or drop out of the current plans.

Those who are comfortable with their current plans may remain with that coverage and need not participate in the FEHBP option. I will now be followed by Ms. Sidney Hickey from the National Military Family Association.

STATEMENT OF SYDNEY HICKEY, NATIONAL MILITARY FAMILY ASSOCIATION

Ms. HICKEY. To sum up, CHART recommends that the OSD and the services pursue a triple option approach in honoring its lifetime health care commitment to all eligible beneficiaries. I will address two of them. The first option is TRICARE. TRICARE program is already authorized by Congress and under implementation by the Department of Defense. There are many bugs in the program. However, TRICARE Prime is generally consistent with the managed care plans being adopted all over the country. TRICARE is a re-

ality so we need to make it work better for all participants. There are provisions in the Fiscal Year 1996 Defense Authorization Act that will take steps in that direction.

However, major problems remain to be addressed. Retirees are increasingly being denied space available care, and Medicare eligible retirees and family members are barred from enrolling in TRICARE Prime. The Department of Defense has some incentive to enroll CHAMPUS eligibles to reduce CHAMPUS expenses but none to enroll Medicare eligibles. Medicare and DOD manage their health care fiefdoms separately, and Medicare has no incentive to work with DOD even though such cooperation would reduce overall health care costs to the taxpayer. The second option is Medicare subvention. This proposal would authorize Medicare to reimburse DOD for care provided to Medicare eligibles in DOD medical facilities.

The principle behind the proposal is that if DOD can get reimbursed for such care, it should be able to allow Medicare eligibles to use military facilities including full enrollment in TRICARE Prime. Since DOD's care is less costly than the private sector care, it will actually save Medicare money, a win-win-win situation for Medicare, the taxpayers and Medicare eligible beneficiaries.

The coalition has pushed the Medicare subvention idea for years, but it was not until 1995 that the first subvention bills were introduced. In the House, Representative Joel Hefley from Colorado has introduced H.R. 580 which calls for subvention nationwide. In the other body, S. 1487 was introduced by Senator Phil Gramm of Texas and proposes a 2-year test in selected regions. With the moral support of Congress as expressed by this subcommittee and the full committee in the Fiscal Year 1996 Defense Authorization Act, we believe it is a realistic goal to seek at least a test program for fiscal year 1997.

Still, subvention will only help the one-quarter to one-third of Medicare eligible retirees who reside near military installations. There must be an initiative to help the others who cannot get care in DOD facilities and who lose their CHAMPUS eligibility including prescription drug coverage at age 65. I will now be followed by John Molino from the Association of the United States Army.

STATEMENT OF LT. COL. JOHN MOLINO, U.S. ARMY (RETIRED)

Lieutenant Colonel MOLINO. Good evening, Mr. Chairman. Let me now address what is perhaps the most dynamic alternative that CHART considered and where we spent much of our effort, the Federal Employees Health Benefits Program, or FEHBP, after which I will make a brief closing comment. FEHBP is a new proposal to fill in the gap for Medicare eligible beneficiaries of the uniformed services if, and we recognize that this is a big if, Congress changes the law to authorize them to enroll them in FEHBP. Under existing rules, the Government subsidizes 72 percent of the premium cost so the member's share of the premium is about \$1,377 a year for family coverage. This is better coverage at less cost than commercial Medicare supplements, and it offers over 400 plans that can be used anywhere in the world.

Since Medicare eligibility typically starts at age 65, CHART called this proposal FEHBP-65. However, our proposal is to offer

this option to any Medicare-eligible uniformed services beneficiary regardless of age. This will accommodate under 65 year old beneficiaries who are Medicare eligible because of a disability. The annual cost of CHART's triple option, TRICARE, subvention, and FEHBP-65 is approximately \$2.6 billion, of which \$1.4 billion is for subvention and \$1.2 billion for FEHBP-65. DOD is already committed to pursuing TRICARE and has signified its willingness to maintain its current level of support for beneficiaries 65 and older. That is \$1.4 billion if Medicare subvention is enacted.

Since Medicare will only be responsible for costs in excess of that threshold, subvention would actually save the government money in the long-run based on the premise that DOD provides care in military facilities at a lower cost than Medicare would otherwise pay to a private sector doctor. The additive cost then that will have to be offset by DOD is approximately \$1.2 billion.

Before closing, let me comment on the bill that Representative Jim Moran introduced 2 days ago and that has roughly 20 original cosponsors from both parties. His bill, H.R. 3012, will open the door to FEHBP for Medicare eligible uniformed services retirees and their spouses. We strongly endorse this bill because of its wide choice of plans and because it goes a long way in fulfilling the commitment to provide lifetime health care to those who serve their country often in difficult and stressful times.

This committee has the great challenge to restore the health care benefit to what is at least equal to what most Americans of large corporations have and what all retired Federal civilians have. The Military Coalition stands ready to work with this committee to reform military health care without jeopardizing readiness or the Nation's security. But the time is now to honor the commitments that were made to those who served their country when they were called upon. Mr. Chairman, thank you again for the opportunity to present our views on this critically important topic, and we will be happy to entertain any questions you might have.

[The statement of the Military Coalition follows:]

**STATEMENT OF
THE MILITARY COALITION'S
HEALTH ALTERNATIVES REFORM TASK FORCE
provided to the
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL**

Presented by

Colonel Frank G. Rohrbough, USAF (Ret)
The Retired Officers Association

Lieutenant Colonel John Molino, USA (Ret)
Association of the United States Army

Ms Sydney Hickey
National Military Family Association

MISTER CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE:

On behalf of The Military Coalition's Health Alternatives Reform Task Force (CHART), we would like to express appreciation to the Chairman and distinguished members of the House National Security Committee's Subcommittee on Military Personnel for holding these important hearings. This testimony provides the collective views of the following military and veterans organizations which represent approximately 3.5 million members of the seven uniformed services, officer and enlisted, active, reserve and retired plus their families and survivors.

- Air Force Association
- Army Aviation Association of America
- Association of the United States Army
- Chief Warrant Officer and Warrant Officer Association, United States Coast Guard
- Commissioned Officers Association of the United States Public Health Service, Inc.
- Enlisted Association of the National Guard of the United States
- Fleet Reserve Association
- Jewish War Veterans of the United States of America
- Marine Corps League
- Marine Corps Reserve Officers Association
- Military Chaplains Association of the United States of America
- National Military Family Association
- Naval Enlisted Reserve Association
- Reserve Officers Association
- The National Order of Battlefield Commissions
- The Retired Enlisted Association
- The Retired Officers Association
- United Armed Forces Association
- United States Army Warrant Officers Association
- United States Coast Guard Chief Petty Officers Association

INTRODUCTION

The Coalition's Health Alternatives Reform Task Force (CHART) conducted a thorough evaluation of possible alternatives to the current health care benefit provided to all uniformed services members and their families. The objective of CHART was to offer alternatives to the Chief Executive Officers of member associations that would improve access for non-active duty beneficiaries to Department of Defense (DoD) sponsored health care programs and better meet the health care needs of beneficiaries.

CHART considered four alternatives:

- (1) Medicare reimbursement to the Department of Defense for care provided to uniformed services beneficiaries in the Military Health Services System (MHSS) -- referred to in this study as Medicare subvention
- (2) CHAMPUS Second Payer to Medicare
- (3) Worldwide Prescription Coverage for Medicare-eligible beneficiaries
- (4) Federal Employees Health Benefits Program (FEHBP)

These alternatives were determined to offer a range of improvements that would satisfy the objectives of the CHART study. They represent a range of fixes from the restoration of some benefits that are lost when a beneficiary is no longer eligible for CHAMPUS and its valued pharmacy benefit, to a total cross-over to the Federal Employees Health Benefit Program (FEHBP).

LIFETIME COMMITMENT

Uniformed services retirees have always been led to believe that they have a right to medical care in military hospitals following retirement. In brief, this lifetime right had its genesis in the U.S. Navy and U.S. Marine Corps, where service members made a monthly contribution to pay for such care over a period of 145 years -- a contribution that continued after retirement. When the contribution was discontinued in 1943, the hearings made clear that members were to retain the right to care. It is equally clear that members of the other services have always

been led to believe they would be provided care for life in military treatment facilities. The assurance of such care was one of the important factors in inducing service members to endure the extraordinary demands and personal sacrifices inherent with a career in uniform.

In 1965, Congress enacted Medicare legislation. One year later, as a means of further improving the military health benefit for non-active duty beneficiaries, Congress established the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). In adopting this legislation and limiting CHAMPUS to age 65, the House Armed Services Committee reasoned " ... *military retirees would continue to have two medical programs upon reaching age 65-- the use of the military medical facilities on a space-available basis and the Social Security Medicare program. Under the circumstances, it appears that the two remaining medical sources would provide a fair program of assistance.*"

If the retired service member did not have an implied right to hospital care, the government would have no responsibility to provide such care. The fact is, however, that key officials have acknowledged that the government has a responsibility in this area. It was affirmed clearly by the Deputy Assistant Secretary of Defense for Special Projects, Office of the Assistant Secretary of Defense for Manpower, during hearings on the 1963 military pay bill. More recently, this obligation was reaffirmed in remarks made by Dr. Stephen Joseph, MD, Assistant Secretary of Defense for Health Affairs, at a hearing before the House Government Reform and Oversight Committee's Subcommittee on Civil Service. On September 12, 1995, Dr. Joseph acknowledged that recruiters and commanders had led members to believe that they had a lifetime commitment to military health care. While Dr. Joseph did not stipulate that the commitment was a contractual obligation, he stated that there was an implied moral commitment to provide health care to those currently serving and those who retired following their service careers. A review of recruiting and retention literature further corroborates the implied, if not real, commitment to lifetime health care by the Services to all uniformed services beneficiaries.

MEDICAL COVERAGE SECOND TO MOST?

Unfortunately, the American public -- and many in Congress -- have the misperception that uniformed services retirees have better-than-average health

care benefits. This is a myth. The uniformed services are virtually the only large employer that terminate their retirees' health coverage when they turn 65.

In contrast, nearly all of the largest U.S. corporate and government employers provide their retirees substantial employer-paid health coverage in addition to Medicare. Data from a 1994 survey by Hay Associates (one of the nation's most-respected firms in the area of employee benefits), indicates that the majority of corporate employers provide at least some employer-paid coverage in addition to Medicare -- and the larger the employer, the more they provide. The Department of Defense -- America's largest employer -- does not stack up well in this department. The gap is even wider when the uniformed services' health care package is compared to the benefit afforded to employees who have retired from the very largest private sector corporations. For example, the five largest U.S. corporations either fund virtually the entire health care premium (including heavily subsidized prescription drug benefits) or cap their retirees' out-of-pocket medical expenses at modest levels.

Health Plans of the Five Largest U.S. Corporations for Their Retired Medicare-Eligible Employees

Corp.	No. of Ret	Employer Subsidized Health Plan		Emp- loyer Paid Share of Prem- ium	Retiree Deductible Single/Fam	Retiree Cost Share	Other Subsidized Coverage		
		Ret	Fam				Vis ion	Den tal	Pres crip
GM	350,000	Yes	Yes	75-80%	\$300/600	Zero*	Yes	Yes	Yes
Ford	90,000	Yes	Yes	100%	\$200/250	20% off visits; \$500 out-of-pkt cap for all other	Yes	Yes	Yes
Exxon	36,000	Yes	Yes	95%	\$250/500	20% copay; \$2500 out-of- pkt cap	No	Yes	Yes
IBM	74,000	Yes	Yes	100%	\$250 (\$340 hosp)	20% outpatient 0% inpatient	Yes	Yes	Yes
GE	80,000	Yes	Yes	100%	N/A	20% of Medicare copay	No	No	Yes

* GM plan pays all charges above Medicare payment

In a similar vein, the United States government provides significantly subsidized health care insurance coverage for retired Federal civilian employees and their families -- including retired Members of Congress and retired Congressional staff members. Yet, over the years, Administration and Congressional cost containment efforts have progressively stripped older uniformed services retirees of nearly all DoD-funded health benefits.

For generations, military health care has been touted as second to none. It is past time to recognize that, compared to what is provided by other large employers, Medicare-eligible uniformed services beneficiaries' health care has become second to almost all others. Service members who have given their country decades of service and sacrifice deserve better.

TRENDS FOR ACCESS TO CARE IN MILITARY TREATMENT FACILITIES (MTFs) (1996-2000)

The greatest problem facing all retirees and their families who rely on military medicine for their health care is the increasing decline of access to care in military treatment facilities (MTFs). A Congressional Budget Office (CBO) report (Restructuring Military Medical Care, July 1995) states that although 70% of the total eligible uniformed services population currently lives within 40 miles of a military hospital, only 55% of the age 65 and older Medicare-eligible population live this close. This situation will be exacerbated by continuing base closures which have closed or will close 39 MTFs and downsize many others. GAO reports that the military drawdown has also resulted in an 8 percent reduction of military medical personnel since 1991 and will further reduce it by another 8 percent by the year 2000.

To meet the needs of CHAMPUS-eligible beneficiaries, DoD, with Congressional direction, is implementing the Tricare program throughout the CONUS by September 1997. Tricare Prime is designed to provide improved access to health care in MTFs for CHAMPUS-eligible beneficiaries at a lower cost for many than under Tricare Standard. However, according to a Gallup study completed in December 1994 for The Military Coalition, only about 30 percent of CHAMPUS beneficiaries will choose the Prime option. The balance will stay with Tricare Standard or use employer provided health insurance if they or their spouses are

employed (DoD estimates that about 2 million of the 8.4 million uniformed services beneficiaries have private health insurance).

Approximately 1.168 million uniformed services beneficiaries age 65 and older are entitled to Medicare insurance coverage (projected to increase to 1.436 million by 2002). They are also eligible to receive health care in DoD operated military treatment facilities, but only on a "space available" basis. Although exact figures are not available, DoD estimates that an equivalent of about 30 percent, or 324,000 of these dual-eligible beneficiaries, regularly use the military health care system. DoD pays an estimated \$1.4 billion per year out of its annual appropriations to deliver health care services to this population. Most of the remaining beneficiaries use providers in the civilian community under standard Medicare.

Although Tricare will provide improved access to health care in the MTF for CHAMPUS eligibles who enroll in Tricare Prime, Medicare-eligible beneficiaries will be denied the opportunity to enroll in Tricare unless Congress intercedes. It is anticipated that space-available care in the MTFs will become increasingly limited for those beneficiaries who do not, or cannot, enroll in Tricare Prime since hospital commanders will have to provide care in the MTF on a priority basis to Tricare Prime enrollees. And, as space-available care becomes limited, so too will access to the military pharmacy.

THE PLUSES AND MINUSES OF TRICARE

TRICARE PRIME

The Tricare Program is functioning in Washington, Oregon, California, Hawaii, Texas, Oklahoma, Arkansas and the western part of Louisiana. Tricare Prime, the HMO part of Tricare, is receiving favorable marks in many of these regions. In particular, the civilian sector of Prime in the state of Washington has received rave reviews for their proactive customer service. Female beneficiaries have been mailed breast cancer profile forms to fill out and they receive comprehensive replies on the diagnostic schedule best suited to their individual cases. When patients inquire about appointments for Pap smears or mammograms, they are asked if they want to schedule their physical at the same time! To most uniformed services beneficiaries, these are unheard of services!

However, Prime beneficiaries are not pleased when they are forced to use a civilian network provider and incur out-of-pocket expenses. Twelve dollars a visit in the civilian network may not seem high to some, but three children with a strep throat infection could easily cost a family \$72 for an initial and follow up visit. For families accustomed to free care in an MTF, a \$72 bill is a shock! Some retirees who enrolled in Prime were unable to pay the full enrollment fee at one time. The Coalition is, therefore, grateful that this Committee and Congress included a provision in P.L. 104-106 to allow these retirees to pay this fee quarterly without having to pay an administrative fee which had previously increased their cost.

TRICARE STANDARD

Non-Availability Statements Restrict Choice: Tricare Standard, which is billed as the plan that allows choice for beneficiaries, is becoming more and more burdensome and restrictive. Beneficiaries have long lived with the requirement for a Non-Availability Statement (NAS). The need for a NAS, in fact, restricts beneficiary choice in cases of non-emergency inpatient and fourteen outpatient procedures. If the care a private physician orders is available within the MTF, the MTF commander can refuse to issue a NAS and CHAMPUS will not share the cost of that care if it is provided by the civilian physician. To make matters more complex, DoD requires a Medical Necessity Non-Availability Statement (ONAS) which now restricts beneficiary choice further. According to DoD's contractor for Regions 7 and 8, a beneficiary seeking non-emergency inpatient care or one of the fourteen outpatient procedures must go to a Health Benefit Advisor (HBA) and get a review request form and give it to their private physician. The physician must then call the contractor no later than 30 days from the date the patient obtained the review request forms and no later than three working days prior to the planned inpatient admission or outpatient procedure to validate that the care is medically necessary. The contractor has two working days to decide if the care is medically necessary. If the care is determined to be necessary, both the HBA and the physician are notified. The HBA then determines if the care can be provided in the MTF. If care cannot be provided in the MTF, the HBA issues a regular NAS. The bottom line is that if the beneficiary does not receive both an ONAS and an NAS, CHAMPUS will not share the cost of care delivered in the civilian setting.

DoD has the authority to impose yet another NAS restriction -- the Restricted - Non-Availability Statement (R-NAS). An R-NAS is used in some locations where

Tricare is operating. It requires the HBA to ascertain if the care ordered by the beneficiary's private physician is available, not only within an MTF, but also within the civilian provider network which has been set up by a contractor under a DoD Managed Care Support Contract. If care is not available within an MTF, but is available in the civilian network, an R-NAS will not be issued. At this point, DoD has implemented the R-NAS requirement only in California.

The significant point of all of these controls is that receipt of an NAS, ONAS or R-NAS still does not guarantee that CHAMPUS will share the cost of care provided in the civilian sector. The final decision on whether or not CHAMPUS will share the cost of care can be made several years after the care is received. More details are revealed in the enclosed news article at the end of this testimony.

The principle reason a beneficiary would chose Tricare Standard, with its costly deductibles and copayments, is to retain freedom of choice. Yet, it is that very freedom that is being restricted. Tricare Standard looks more and more like the worst kind of HMO, where restrictions are imposed on beneficiaries, but unlike HMOs, receive no reduction in the cost of care!

Other beneficiaries are willing to gamble that their families will remain healthy and will not incur deductibles, copayments and enrollment fees. Finally, many CHAMPUS-eligible beneficiaries who do not live within a Tricare Prime service area have no choice but to use Tricare Standard and are, therefore, subject to its higher out-of-pocket cost.

The bottom line is that **the Coalition does not believe that these restrictions belong in a program billed as one that offers choice.**

DoD's 115 Percent Rule Reduces CHAMPUS Benefit: Beneficiaries who have primary insurance through another source, such as a spouse's employer or a retiree's civilian employer, are being restricted in their choice of health care providers. DoD has determined that the 115% Rule, i.e., limiting payment to 115% of the CHAMPUS Maximum Allowable Charge (CMAC), applies in cases where the first payer is not CHAMPUS. Before this ruling was implemented last fall, beneficiaries with other health insurance had the greatest freedom of choice as CHAMPUS acted as a supplement to their primary insurance. This "coordination of

benefits" policy usually paid the beneficiary's entire bill. These beneficiaries were able to seek care without determining if the provider was willing to accept the CMAC as payment in full. Now, in order to have the cost of their care totally covered, these beneficiaries will pay whatever premium they have been paying for their employer provided insurance and may have to buy a CHAMPUS supplement policy too! To illustrate the cost implications, two scenarios, one before the new DoD ruling and one after, are provided below:

<u>BEFORE</u>		<u>AFTER</u>	
Physician's Charge	\$2,000	Physician's Charge	\$2,000
Private Ins Payment	\$1,600	Private Ins Payment	\$1,600
CHAMPUS Allowable	\$1,000	CHAMPUS Allowable	\$1,000
CHAMPUS Payment	\$400	115% of CMAC	\$1,150
Patient's Payment	0	CHAMPUS Payment	0
		Patient Potential Liability	\$400
Note: CHAMPUS paid the entire difference because it was less than what it would have paid had it been the primary payer. The beneficiary was not liable for any cost.		Note: Because the payment by private insurance was more than 115% of CMAC, CHAMPUS pays nothing. The beneficiary now must pay \$400 or protest the charge and endure the hassle of getting the provider to adjust its bill to the 115% CMAC level.	

Although this provision was intended to save CHAMPUS beneficiaries money, it has created more problems than savings. Some non-participating providers have charged beyond the 115% limit and the patient must then either pay the additional cost or try to get the provider to come back into line with the 115% limit. Either way, it is the patient who must act as the enforcer, not DoD, which places an undue burden on the patient.

Furthermore, DoD has no real way to enforce the 115% limit other than sending an "educational letter" to a provider who charges too much, informing him of the maximum allowable charge, the billing limit and requesting a refund be provided to the patient within 30 days. If the provider does not comply with the letter, DoD's only recourse is to deny him participation as a CHAMPUS provider. This

penalizes any patient who may not realize the provider is no longer accepted as a CHAMPUS provider, since the patient may find his claim has been denied. Further, this method of penalizing the provider decreases the number of CHAMPUS providers available to beneficiaries, and does not affect the provider in the slightest. Although DoD has had a good compliance rate when "education" letters have been sent to providers who have overcharged CHAMPUS patients, DoD also acknowledges it has no idea how many of these providers promptly stopped seeing CHAMPUS patients altogether.

We need this Committee's help in addressing this very serious issue.

Although we understand this 115% balance billing limit is in line with Medicare's balance billing limit, Medicare has statutory authority to fine physicians who overbill Medicare patients. DoD has no such authority, and their only recourse of barring providers from the CHAMPUS in cases of noncompliance only hurts the beneficiary. Unlike the Medicare law which imposes fines on violators who exceed the 115% limit, the CHAMPUS law has no teeth in it. **CHART recommends that the CHAMPUS 115% restriction, either be repealed or revised to impose the same sanctions on CHAMPUS providers as exist for Medicare scofflaws.** Further, CHART recommends that this Committee consider legislation that requires providers who treat Medicare patients, to also treat CHAMPUS patient as is now the law for hospitals.

CHART'S ALTERNATIVES FOR MILITARY HEALTH REFORM

The following sections provide CHART's evaluation of the four alternatives for improving access to quality health care for uniformed services beneficiaries.

MEDICARE SUBVENTION

The Military Coalition has sought legislation for the past six years, and mounted a particularly intensive effort in the 104th Congress, to change Section 1876 of the Social Security Act (42 U.S.C. 1395) to allow the Health Care Financing Administration (HCFA) to reimburse DoD for the care provided to Medicare-eligible uniformed services retirees and their spouses in the Military Health Services System (MHSS), a concept called Medicare subvention. Current law prohibits Medicare payments to federal providers of health care services and,

therefore, precludes the Department of Defense from being reimbursed for the care provided to Medicare-eligible uniformed services beneficiaries.

Without subvention, beneficiaries under age 65 who are enrolled in Tricare Prime will be pushed out of the program when they become Medicare-eligible at age 65 and join those already disenfranchised.

Further, as military and civilian networks are sized to meet the health care needs of the enrolled population, access to "space available" care in MTFs will diminish greatly. The net effect is that older retirees and their spouses will be shut out of a system of health care they thought would always be there for them. Thus, with no space available care, "lock-out" from the MTFs will occur, unless Congress amends the law to permit Medicare subvention.

CHART recognizes that the Defense Authorization Act for 1996 contains a "Sense of Congress" provision which calls for DoD to develop a program for Medicare-eligible beneficiaries to have access to adequate health services in regions where Tricare has been implemented. We applaud this Committee for that stand and hope that the viability of subvention can be tested soon. **This Committee can help by supporting appropriate legislation, such as H.R. 580. Modification to include a test demonstration may be the only way to resolve the funding question and validate the financial viability subvention.**

Definition of Medicare Subvention: When CHART speaks of Medicare subvention, it is in the context of having Medicare reimburse DoD for care provided to Medicare-eligible beneficiaries on both a capitated and a fee-for-service basis. Under this fundamental definition of subvention, when a Medicare-eligible beneficiary is enrolled in Tricare Prime, that individual will be able to use the entire network of providers as well as the MTF. Those not enrolled will be allowed to use MTFs on a space available basis with Medicare reimbursing DoD for the cost of such care.

DoD's Proposed Test Redefines Subvention: Under DoD's plan for a Medicare subvention demonstration program, Dr. Stephen Joseph, Assistant Secretary of Defense for Health Affairs, proposes to conduct a test in two regions Region 6 (Texas, Oklahoma, western Louisiana and Arkansas) and Region 11 (Washington and Oregon) are mentioned frequently as the likely sites. In detailing

the test concept to the Health Care Financing Administration (HCFA), Dr. Joseph proposed that DoD continue to pay the cost of the current level of support for Medicare-eligible beneficiaries and that HCFA would pay only for **new** patients above the current threshold. The test would last for three years, beginning in October 1996. Only beneficiaries residing in the MTF service areas and using the MTFs in the regions over the past two years, and beneficiaries who turn 65 on or after October 1, 1996, would be eligible to participate in the test.

Under the parameters of this test, Medicare-eligible beneficiaries who enroll in Tricare Prime would receive care **only in the MTFs** and would not be able to access the network of civilian health care providers. This policy is too restrictive and poses several problems.

- It has the potential of displacing CHAMPUS-eligible beneficiaries currently enrolled in Tricare Prime from the MTF and forcing them to use civilian providers with subsequent co-payments and loss of continuity of care.
- It would force beneficiaries under 65, who are already enrolled in Tricare Prime and using the full range of civilian providers, to transfer to care only in MTFs when they turn 65, thus compromising their continuity of care.
- MTFs are already having difficulties with providing basic primary care because they lack sufficient primary care managers. If the MTFs are to be responsible for providing the entire spectrum of care for Medicare-eligible beneficiaries enrolled in Tricare Prime, they will have to either hire more civilian family practice physicians or buy these services from the outside (and one presumes from even outside the civilian network of providers), thus driving up the cost of care.

CHART does not support DoD's limited concept of Medicare Subvention where care is only provided in the MTF. Rather, CHART views Medicare Subvention as allowing Medicare-eligible beneficiaries to access the entire network of care in Tricare Prime, with reimbursement on a capitated or fee-for-service basis.

On that basis, the Medicare Subvention alternative offers the following pluses and minuses:

Pluses	Minuses
<ul style="list-style-type: none"> • Ensures eligibility for enrollment in Tricare Prime • Enables more beneficiaries to receive care in MTFs • Enhances overall recruiting and retention of medical personnel • Contributes to and maintains medical readiness • Provides a revenue source for the MHSS • Generates savings for DoD and Medicare 	<ul style="list-style-type: none"> • Benefits only about 30% of the Medicare-eligible beneficiaries; fails to provide a uniform benefit for all beneficiaries • Could lead to a decrease of DoD funding by amount of Medicare reimbursement • Could displace CHAMPUS-eligible beneficiaries from the MTF • Would not provide access to beneficiaries overseas

Conclusion: If subvention becomes a reality, it will benefit about 30 percent of Medicare-eligible beneficiaries. Due to its limited application, subvention should be pursued as only one of the approaches for improving the health care benefit so it more closely meets the long-standing commitment to lifetime care.

WORLDWIDE PRESCRIPTION DRUG COVERAGE

Even before the advent of Tricare, MTF commanders were gradually limiting access to the MTF pharmacy. As pharmaceutical budgets were cut back, MTF commanders began to drop some of the more expensive, less widely used pharmaceuticals. Some MTF commanders also began to restrict access by honoring only those prescriptions written by military physicians, instead of also accepting prescriptions written by civilian physicians. This limiting policy means that retirees must struggle to obtain an appointment in the MTF to obtain a prescription previously written by a civilian provider.

CHAMPUS-eligible beneficiaries still have access to an affordable prescription benefit. However, Medicare does not provide drug coverage, and only three of the

ten standardized Medicare supplemental insurance policies provide a prescription benefit. These Medigap policies are relatively expensive and only provide limited coverage (\$250 deductible and 50% copayment). Some, but not all, of the Medicare "at-risk" HMOs offer a prescription benefit. However, only 6-8% of all Medicare-eligible beneficiaries belong to one of these HMOs and these HMOs are not available in all regions of the country. With the high cost of pharmaceuticals, it is little wonder that CHART has anecdotal evidence that military retirees have been willing to drive long distances in order to fill their prescriptions at an MTF.

A worldwide prescription drug benefit for Medicare-eligible beneficiaries would go a long way toward addressing the inequity and confusion created by "locking-out" these beneficiaries from Tricare. This benefit could be provided by DoD in a number of ways. DoD could pick up 75% of the prescription cost and the beneficiary would pay the rest as is the case with CHAMPUS. This method would probably require a catastrophic cap of between \$1,000-\$3,000 to protect beneficiaries against extreme prescription expenses. Alternatively, if DoD were to expand the mail-order prescription program, a flat rate could be charged per prescription (such as the current \$8 per prescription). A catastrophic cap would not be required under this method. A third option would be for DoD to contract with the Veterans Affairs to allow Medicare-eligible beneficiaries to purchase their pharmaceuticals through the VA's Mail Service Pharmacy program.

The Worldwide Prescription Drug Coverage alternative offers the following pluses and minuses:

<u>Pluses</u>	<u>Minuses</u>
<ul style="list-style-type: none"> • Reduces out-of-pocket drug costs for Medicare-eligible beneficiaries • Restores a valued benefit that is lost when beneficiaries become Medicare-eligible • Partially fulfills promises of health care for life • Provides prescriptions for retirees residing overseas 	<ul style="list-style-type: none"> • Only a partial fix of the health benefit for beneficiaries who are Medicare-eligible • Could lead to pressures to impose fees on beneficiaries who currently receive prescriptions in MTFs

Conclusion: This alternative would provide a worldwide prescription drug benefit to all beneficiaries, regardless of age or status, and address the number one problem faced by Medicare-eligible retirees. Although this benefit does not address other problems faced by Medicare and CHAMPUS-eligible beneficiaries, it does not negatively affect this population either.

CHAMPUS SECOND PAYER

CHAMPUS as Second Payer - Definition: There are two ways in which CHAMPUS as second payer to Medicare might work. The first payment method is a "coordination of benefits" approach. The second method is "benefits less benefits." Under both methods, Medicare must first pay all allowable amounts before a claim can be filed with CHAMPUS. Under both methods, CHAMPUS deductibles must be met before CHAMPUS pays anything.

- **"Coordination of Benefits"** - Under this approach, Medicare and CHAMPUS benefits are additive, but in a restrictive way as noted earlier, and CHAMPUS now only pays the difference between the cost of the procedure and what Medicare paid, up to 115 percent of Medicare maximum allowable charge in the case of non-participating Medicare providers. CHAMPUS also pays its share (75% of CHAMPUS maximum allowable charges) for procedures and services not covered by Medicare (such as prescription benefits). Most beneficiaries, except those with medical needs not covered by Medicare, (e.g. extensive psychiatric care or prohibitively high prescription drug demands) should not require a CHAMPUS or Medicare supplemental policy.
- **"Benefits less Benefits"** - Under this approach, a beneficiary's reimbursement is limited to whichever program provides the greater benefit. CHAMPUS pays only those allowable charges above what Medicare pays. CHAMPUS will not pay anything if its allowable charge is less than Medicare's. However, CHAMPUS will still pay its share for services not covered by Medicare. Under this payment method, most beneficiaries would probably need a CHAMPUS or Medicare supplemental policy.

In order for CHAMPUS to serve as second payer to Medicare, beneficiaries should be enrolled in Medicare Part B or if overseas, pay a premium comparable to

Medicare Part B premiums. According to DoD, 93% of Medicare-eligible military retirees are already enrolled in the Part B program. For the 7% of Medicare-eligible beneficiaries who did not enroll in Part B the late enrollment penalty should be waived.

The CHAMPUS Second Payer alternative offers the following pluses and minuses:

<u>Pluses</u>	<u>Minuses</u>
<ul style="list-style-type: none"> • Provides prescription drug coverage to Medicare-eligibles • Provides Medicare-eligible retirees broader health coverage at lower cost • Would increase DoD's financial incentive to treat Medicare-eligibles which would then improve access to medical care through the MHSS • Provides military a unique benefit which like FEHBP, serves as second payer to Medicare • Restores benefit to retirees residing overseas 	<ul style="list-style-type: none"> • May prove very expensive because it has the same inherent cost overrun potential as CHAMPUS • May be viewed as a panacea when it benefits only the Medicare-eligible beneficiary population • OSD and the Services already are on record as opposing S.69, a "Benefits less Benefits" bill

Conclusion: CHAMPUS as second payer addresses the dilemma faced by older retirees who are eligible for Medicare and find themselves slowly pushed out of the military medical system. This option also provides relief to Medicare-eligible retirees living overseas who have no overseas Medicare benefit and also have little or no access to MTFs. However, this option does not address the problems faced by CHAMPUS-eligible beneficiaries who may be having difficulties with CHAMPUS or with the direct care military medical system.

FEDERAL EMPLOYEES HEALTH BENEFIT PROGRAM (FEHBP)

The case for the FEHBP option is that it could favorably impact the entire uniformed services community. It does not limit its scope to only one segment of the beneficiary population (i.e. Medicare-eligible retirees).

FEHBP provides several types of health insurance plans including fee-for-services plans, such as Blue Cross/Blue Shield, and prepaid managed care plans, such as HMOs like Kaiser. It has the widest range of choice of any alternative being

considered by CHART. FEHBP has 7 national plans and well over 400 plans throughout the world. None of the plans have any preexisting restrictions.

The CBO published its study of an FEHBP alternative entitled "CBO Paper: Restructuring Military Medical Care" in July 1995. It recommended that DoD consider a total restructuring of military health care. Given the downsizing of the military establishment, CBO recommended that all non-active duty beneficiaries be moved to FEHBP and be provided care on the same basis as other federal civilians and annuitants. FEHBP has an average government subsidy of 72%, not to exceed 75% of any plan. By limiting military medicine to the care of active duty members and performing readiness training and contingency operations exclusively, in offering FEHBP to non-active duty beneficiaries, DoD could reduce its overall peacetime health care cost from \$9 billion per year to \$7.3 billion, a savings of \$1.7 billion per year. The CBO considered other options using higher levels of government subsidies (e.g. 85% subsidy to conform to private sector norms and 100% subsidy), but these resulted in higher costs to DoD than the current system and thus CBO concluded they were not fiscally viable.

The House Government Reform and Oversight Committee's Subcommittee on Civil Service has also shown interest in the FEHBP alternative. Its Chairman, John Mica (R-FL) and Ranking Member, Jim Moran (D-VA), held hearings on September 12, 1995, to evaluate the viability of extending FEHBP to all uniformed services beneficiaries, excluding active duty members.

In 1996, the maximum government payment for the health plan premium is \$1,599 for individual only (Self) and \$3,432 for a family enrollment. A beneficiary would pay an annual family premium of about \$1,377 for the Blue Cross/Blue Shield Standard plan. Premiums for HMOs would vary slightly depending on location. CHART believes that if FEHBP were offered to all non-active duty beneficiaries, active duty family premiums should be subsidized by DoD at 100 percent. This would continue DoD's current commitment to provide virtually all health care services without cost to the active duty member, except for some small copays which are required by the specific plan selected by the family. Further, the CBO assumed that DoD would pay the Medicare Part B premiums for all Medicare-eligible retirees and their spouses and any late enrollment penalties they might incur. However, if beneficiaries continue to pay Part B premiums as they do now, which CHART considered to be more reasonable, the cost to DoD could be reduced

substantially. According to CBO, the cost to DoD with a 100% subsidy would be \$9.186 billion per year (about \$186 million more than what DoD spends today on peacetime health care) which is more than the savings that would be realized from downsizing the direct care system and eliminating CHAMPUS. If the active duty family subsidy were set at 85%, the cost to DoD would be \$8.6 billion (\$400 million less than the current peacetime portion). If the beneficiary paid the Part B premium, the cost of each of these options would be reduced by \$632 million. The cost of FEHBP to the beneficiary, in addition to the Part B premium of \$510 per year (1996), would vary based on the type of plan selected, but would be approximately \$560 per year (or \$1,400 per family).

FEHBP would permit retirees to know what their premiums are and what they will receive in benefits. They could buy the peace of mind they currently cannot get from CHAMPUS. Medicare-eligible retirees could be better off with the FEHBP as a wraparound to Medicare. FEHBP premiums are less expensive than Medicare supplemental policies. Additionally, uniformed services beneficiaries who take advantage of FEHBP combined with Medicare would have a measure of protection against future changes in Medicare. A better, more economical benefit for those age 65 and older would be hard to find anywhere in the world. Those who preferred their current coverage would be under no obligation to enroll in FEHBP.

This alternative, however, raises the issue of affordability for lower grade retirees and survivors. There is considerable concern, based on experience with the low enlisted participation in the premium-based Survivor Benefit Plan (6.5% of retired pay or about \$75 per month for the typical enlisted retiree), that imposing premiums on lower grade retirees will cause a significant number to forego health coverage.

CHART has some serious concerns as to how FEHBP might impact medical readiness and recruiting and retention of health care personnel. Dr. Stephen Joseph, MD, Assistant Secretary of Defense for Health Affairs (ASD/HA) took issue with the CBO position in his testimony before the House National Security Committee's Subcommittee on Military Personnel on March 30, 1995, and again before the House Government Reform and Oversight Committee's Subcommittee on Civil Service on September 12, 1995. Dr. Joseph stated that peacetime health care and readiness training are inseparable.

Both the CBO and the Commission on Roles and Missions spoke very favorably about FEHBP. CBO assumes that if the size of the MHSS is reduced by 50% or more, FEHBP could be a viable option. The CBO report points out that the cost of closing MTFs could be substantial and could defer the realization of savings for several years. Further, FEHBP would ensure that, as reductions occur, DoD will not be forced to abandon its beneficiaries.

FEHBP alternative offers the following pluses and minuses:

Pluses	Minuses
<ul style="list-style-type: none"> • Market based, consumer driven health benefits program for all federal civilians, including Members of Congress • Provides federal civilian beneficiaries lifetime access to health care • Wide choice of health plans, including fee-for-service, PPOs and HMOs • Up to 100% prescription drug coverage if beneficiary elects FEHBP as wraparound to Medicare • Lower cost for Medicare beneficiaries than most Medicare supplementals and provides more coverage • Good for "snow birds" and families who choose to stay at home of record during deployment • Provides good coverage for military personnel assigned to remote locations • No preexisting conditions prohibitions • Annual open season • Supplemental insurance not recommended • Assures health care for retirees who reside or travel overseas 	<ul style="list-style-type: none"> • Since beneficiaries must pay annual premiums, it could cost active duty families and younger retirees more than they are spending now • Would abrogate the promise of free lifetime health care • Could impose an unaffordable financial burden on lower income retirees and survivors <p><u>Potential Minuses</u></p> <ul style="list-style-type: none"> • Could end CHAMPUS/Tricare Standard and Extra programs • Might not be feasible without a reduction of about 50% in the Military Health Services System • Risk of cost-shifting to retirees • Could adversely impact Medical readiness

Conclusion: This alternative would provide a uniformed, defined benefit with less restrictions and provide a broader range of choices for all beneficiaries. For Medicare-eligible uniformed services beneficiaries, FEHBP provides an excellent

wraparound benefit to Medicare doing so in the very same way as it does for retired federal civilians, retired Members of Congress and retired Congressional staff members. Importantly, it provides better coverage at less cost than commercial Medicare supplements.

SUMMARY OF COST BY OPTION

The following is a summary of selected characteristics of CHART's alternatives.

Selected Characteristics of CHART Alternatives

Alternative	Number Eligible (Proj.-1999)	Estimated Number Using Benefit	Cost	"Pay-Go" Implications
Subvention	1,168,000	324,000 (28%)	\$1.4 B	Yes
Worldwide Prescription	1,168,000	1,168,000 (100%)	\$558 M	No
CHAMPUS Second Payer				
-- Coordination of Benefits	1,168,000	1,110,000 (95%)	\$2.3 B	Possible
-- Benefits less Benefits	1,168,000	1,110,000 (95%)	\$1.3 B	No
FEHBP* -- Total	6,700,000	4,710,000	\$8.554 B	Yes
-- Active Duty (100% subsidy)	2,400,000	2,400,000 (100%)	\$3.825 B	No
-- CHAMPUS Ret. (72% subsidy)	3,132,000	1,200,000 (38%)	\$1.673 B	Yes
-- Medicare Ret. ** (72% subsidy)	1,168,000	1,110,000 (95%)	\$3.056 B	Yes
* Assumes beneficiary pays Part B premiums and Part B late enrollment penalties are waived.				
** Without Medicare subvention				

CHART CONCLUSIONS

All of the options reviewed would significantly improve the uniformed services health care benefit, some more significantly than others.

- Subvention should be aggressively pursued. However, because it is limited in application to only 30 percent of uniformed services beneficiaries over 65, it should be combined with at least one of the other options.
- Worldwide prescription drug coverage is applicable worldwide and would help partially fill the void created because Medicare-eligible uniformed services beneficiaries are being denied access to the Military Health Services System. Although it is broader in application than subvention, it too is limited to beneficiaries over 65. If enacted in concert with subvention, it would provide an unequal benefit program, because only those with access to Tricare Prime would have the full range of health care benefits available to them. Those not able to enroll in Tricare Prime, who were reliant on Medicare and the prescription drug benefit, would be short shrift compared to Prime enrollees and Federal civilian and private sector retirees and annuitants.
- CHAMPUS second payer, particularly "coordination of benefits" would provide a military unique benefit. However, the cost of \$2.3B per year is not likely to engender support from OSD or the services which recently rejected a bill to provide the less costly (\$1.3B) benefits less benefits option.
- FEHBP for all uniformed services beneficiaries is a highly attractive option. Its greatest strengths are that it would provide a uniformed, defined benefit for all participants, and would align the uniformed services benefit with the coverage provided to employees and retirees in the public and corporate sectors. However, concerns about the readiness implications of eliminating the DoD peacetime mission, the cost implications of a premium-based system for enlisted retirees if CHAMPUS were eliminated, selling out Tricare without giving it a chance to swim (or sink), and the potential loss of access to MTF's for the 324,000 Medicare-eligible uniformed services beneficiaries, who currently access them, dictated a "walk slowly" approach, beginning with Medicare-eligible beneficiaries regardless of age (referred to as "FEHBP-65").
- FEHBP-65 has many distinct advantages. It would not adversely impact on readiness because it does not contemplate eliminating DoD's peacetime mission. It provides better and more comprehensive coverage than worldwide prescription drugs or CHAMPUS second payer. It is less costly to the government than CHAMPUS second-payer. It is also less costly to beneficiaries

than most Medicare supplementals. Further, FEHBP covers a prescription benefit and retirees traveling to or residing overseas. Finally, it is totally voluntary - with annual open seasons-to join or dropout - and those who are comfortable with their current coverage need not participate.

CHART RECOMMENDATIONS

CHART strongly recommends that OSD and the Services pursue the following triple option approach in honoring the lifetime health care commitment:

Option 1: Tricare. The first option is the Tricare program already authorized by Congress and under implementation by the Department of Defense. There are many "bugs" in the Tricare system that must be worked out. Tricare Prime is generally consistent with managed care plans being adopted all over the country. Tricare is a reality, so we need to make it work better for all participants. There are provisions in the FY '96 Authorization Act that will take steps in that direction, with more to come in the future. Major problems remain to be addressed. Retirees are increasingly being denied space-available care, and Medicare-eligible retirees and family members are barred from enrolling in Tricare Prime. The Department of Defense (DoD) has some incentive to enroll CHAMPUS eligibles to reduce CHAMPUS expenses, but none to enroll Medicare-eligibles. Medicare and DoD manage their health care fiefdoms separately, and Medicare has no incentive to work with DoD, even though such cooperation would reduce overall health care costs to the taxpayer.

Option 2: Medicare Subvention. This proposal would authorize Medicare to reimburse DoD for care provided to Medicare-eligibles in DoD medical facilities. The principle behind the proposal is that, if DoD can get reimbursed for such care, it should be able to allow Medicare-eligibles to use military facilities, including enrollment in Tricare Prime. Since DoD's care is less costly than, private sector care, it will actually save Medicare money--a win-win-win situation for Medicare, the taxpayers, and Medicare-eligible beneficiaries. The Coalition has pushed the Medicare subvention idea for years, but it was not until 1995 that the first subvention bills were introduced. In the House, Rep. Joel Hefley (R-CO) has introduced HR 580, which calls for subvention nation-wide. In the Senate, S 1487 by Sen Phil Gramm (R-TX) proposes a two-year test in selected regions. With the moral support of Congress as expressed in the FY 1996 Defense Authorization Act,

it is a realistic goal to seek at least a test program for FY 1997. Still, subvention will only help the one-quarter to one-third of Medicare eligible retirees who reside near military installations. There must be an initiative to help the others -- who can't get care in DoD facilities and who lose their CHAMPUS eligibility (including any prescription drug coverage) at age 65.

Option 3: FEHBP-65. This new proposal would fill in that gap by authorizing Medicare-eligible beneficiaries of the uniformed services to enroll in FEHBP. The government subsidizes 72 percent of the premium cost, so the member's share of the premium is about \$1,377 per year for family coverage. This is better coverage at less cost than commercial Medicare supplements and it offers over 400 plans that can be used anywhere in the world. Since Medicare eligibility typically starts at age 65, CHART called this proposal "FEHBP-65". However, the proposal is to offer this option to any Medicare-eligible uniformed services beneficiary, regardless of age. This will accommodate under-65 beneficiaries who are Medicare-eligible because of disability.

The added cost of CHART's triple option proposal is approximately \$2.6 billion per year, of which \$1.4 billion is for subvention and \$1.2 billion is for FEHBP-65. DoD is already committed to pursuing Tricare and has signified its willingness to maintain its current level of support for beneficiaries 65 and older- \$1.4B - if Medicare subvention is enacted. Since Medicare will only be responsible for costs in excess of that threshold, subvention would actually save the government money in the long run (because DoD can provide care in military facilities at a lower cost than Medicare would otherwise have to pay to procure private sector care for DoD beneficiaries). The additive cost of approximately \$1.2 billion will have to be offset by DoD. This will be a challenge for DoD and this Committee.

CLOSING COMMENTS

This Committee has a great challenge to restore the health benefit to what is at least equal to what most Americans of large corporation have and what all retired federal civilians have. The Coalition stands ready to work with this Committee to reform military health care without jeopardizing military readiness or the national security. But, the time has now come to honor the commitments that were made to those who served their country when they were called to do so. Mr Chairman, thank you, again, for the opportunity to present our views on this critically important topic. We will be glad to answer any questions you may have for us.

Retiree faces sad struggle

*Wife's death after illness
spurs fight over insurance*

By Soraya S. Nelson
Times staff writer

Keeping Joy Barton alive cost an average of \$1,452 a day, according to the CHAMPUS contractor that processed her medical claims.

But a subsequent contractor disagreed, and reduced the amount CHAMPUS would pay for the Texas woman's treatment to less than \$54 a day.

Now her widower, retired Air Force MSgt. Earl Barton, is being told he may be liable for the difference — about \$900,000.

Joy Barton, 63, died Nov. 10, 1995, about 3½ years after a lung infection deprived her of oxygen, damaged her brain and left her dependent on constant care. But the debate over what CHAMPUS should have paid for care during her final years continues, and could financially devastate her husband of 45 years.

Caught in the middle

Barton is caught in the struggle between Foundation Health Federal Services Inc. of Rancho Cordova, Calif., a CHAMPUS contractor, and Vencor Inc., which runs the hospitals that cared for Joy Barton.

Before Foundation came into the picture, another CHAMPUS contractor had approved payment for the care given to Joy Barton by Vencor.

But Foundation reopened the case and has refused to pay \$900,000 to the two Vencor long-term treatment hospitals that cared for Barton's wife from April 1994 through November 1995, said Barton, 68.

What's more, Foundation officials are demanding that

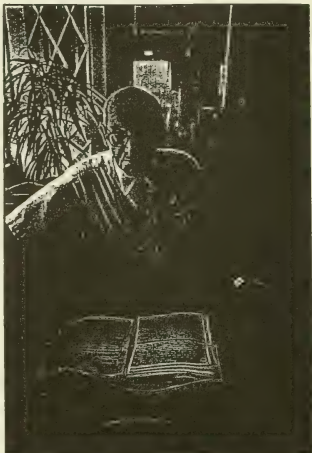


Photo by Joe Patronite

Earl Barton, a retired Air Force master sergeant, is caught in the middle of a \$1.4 million dispute between health insurers over his wife's health care.

Vencor give back \$540,000 the hospitals already have been paid. If it refuses, Foundation has threatened to dock Vencor's future CHAMPUS payments to make up the difference. This is according to a January letter sent to Barton's congressman, Rep. Pete Geren (D-Texas), by Foundation officials.

Barton has received bills from Vencor for the \$900,000, with instructions on what portion of the bill to enclose with his payment. "The hospital said I could send them a check," he said, chuckling.

No collection agency has called yet, he said.

Why the discrepancy?

Shortly before Christmas, Barton receiving copies of dunning letters sent to the hospital, demanding repayment of the \$540,000.

One Vencor official, who is appealing Barton's case to CHAMPUS, said it is baffling how the amounts paid by Foundation and Wisconsin Physician, which originally administered Joy Barton's health benefits, could be so different.

Vencor does not dispute the "custodial care" treatment given to Joy Barton, said M.L. Prewitt, Vencor's business office manager.

Foundation officials have provided no explanation to Vencor on how they came up with their reimbursement method, she said.

Barton says that on his fixed income of \$1,759 a month, and with a \$50,000 home in which he has little equity, he can't afford to pay the \$7,500 that CHAMPUS wants from him each year to pay down his medical bills, let alone the \$1.4 million for which, ultimately, he could be responsible.

"I don't know, what can I do?" Barton said. "They asked me if I had any money. I don't."

Illness began in 1992

Joy Barton became sick in May 1992, when a staph infection led to a buildup of fluid in her lungs. That resulted in oxygen deprivation and brain damage, Earl Barton said.

Joy Barton then was moved to Vencor's long-term care facility in Dallas. Barton sold their home in Abilene, Texas, and moved to Fort Worth so he could be close to his wife. Later, she was moved to the Vencor long-term facility in Fort Worth when it opened in December 1994, he said.

The treatment costs would have been a lot lower if Barton had been allowed to take his wife home, which he says he desperately wanted to do.

But CHAMPUS did not do enough to help arrange for home treatment, so Foundation opted for hospital treatment, Barton wrote in a June 1995 letter to CHAMPUS officials.

"It's wrong, because I think they are supposed to be paying those benefits," he said. "They agreed those benefits are payable — normal benefits for medicine and supplies, physical therapy and X-rays and laboratory, and ventilator care. That's what they agreed to."

CHAMPUS spokeswoman Sylvia Sullivan said the agency is investigating Barton's case. She said CHAMPUS cannot waive the overpayment, because the "debt follows whoever got the money."

Vencor is not bankrupt, so no waiver can be granted, she said.

Foundation Health officials could not be reached for comment.

In a Nov. 10, 1995, letter to Sen. Phil Gramm (R-Texas), Foundation wrote that it had no choice but to deny payment and go after the money paid out before.

New rules

CHAMPUS has new contracting rules, brought about as a result of Tricare, the military managed care program.

Under those rules, Foundation is "at risk for funds paid in error, or costs exceeding the contractual rate," wrote Nancy MacKinzie, Foundation's senior congressional inquiry analyst.

"An additional stipulation requires that the contractor return any excess profits to the government," she wrote.

Mr. DORNAN. Thank you very much. I like the team approach. Colonel Partridge.

STATEMENT OF COL. CHARLES C. PARTRIDGE, U.S. ARMY (RETIRED), LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES, MEDICAL REPRESENTATIVE, MILITARY/VETERANS ALLIANCE

Colonel PARTRIDGE. Thank you, Mr. Chairman. The alliance includes Air Force Sergeants Association, the National Association for Uniformed Services, the Naval Reserve Association, the Non-Commissioned Officers and the Society of Military Widows, some 500,000 members of the seven uniformed services.

First, we want to thank this committee for its strong support for the Uniformed Services University of the Health Sciences. Graduates from USUHS become professionals dedicated to the practice of military medicine. The university is essential to maintaining excellence in military medicine and plays a key role in graduate medical education, and we really do appreciate the House and Senate rescuing the university.

We have some criticism of the military health services system in our prepared statement. I want to point out that the criticism is based on availability and coverage, not quality. Our members believe that military doctors, nurses and other health professionals are the best. We believe that the current system produces top quality professionals who provide outstanding care in peacetime and that the system ensures our wartime capability is outstanding as well. However, we are hearing of increasing dissatisfaction with military medical care, and we believe to correct the problem facing military medical beneficiaries today, we need a variety of programs. No single option will solve the problem of providing medical care to DOD's diverse beneficiary population.

However, improving access to cost effective, top quality care while meeting wartime training and mobilization requirements can be accomplished at reasonable cost, and we believe the following steps need to be taken: Improve the CHAMPUS/TRICARE program, authorize participation in the Federal Employees Health Benefits Program, and I might add the alliance is not in 100 percent agreement on that—one of our organizations does not fully support that—authorize the Medicare reimbursement by the Health Care Financing Administration, and fully implement the worldwide mail service prescription drug program.

We also would urge you to continue the operation of the uniformed services treatment facilities family health programs. These are very popular programs with beneficiaries. They are cost effective. Once again the details are in our statement. I would like to comment on two of these issues that are raised. We have Medicare reimbursement bills in the Senate. We have got them in the House. And we think this year is the year to move this legislation. We know this committee does not have full jurisdiction over that, and we will work with you in any way we can to get the agreement of other committees in order to get this legislation moved. It is a money-saver. It will help readiness, and it is good for our members, and it is fair to our members.

And we also want to express our strong support for the Federal Employee Health Benefit Program. Currently military retirees are the only Federal employees who lose their employer provided health care upon becoming eligible for Medicare, the only ones. They are authorized space-available-care in military hospital.

Mr. DORNAN. Chuck, could you pause right there? That is such an important statement. You repeated it twice. Let me pause to reflect on what groups do not to emphasize that this is the only group that does lose at age 65.

Colonel PARTRIDGE. The groups that do not lose it are the various Federal employees, FBI.

Mr. DORNAN. CIA, Postal workers.

Colonel PARTRIDGE. CIA.

Mr. DORNAN. Everybody else.

Colonel PARTRIDGE. State Department.

Mr. DORNAN. All right. Proceed.

Colonel PARTRIDGE. District of Columbia.

Mr. DORNAN. Right.

Colonel PARTRIDGE. They are authorized space-available-care in military hospitals, but such care is increasingly unavailable. Five states have no military medical facility. Seven have only 1 walk-in clinic and 12 have only one hospital. When you add that up, you are talking half of the 48 states in the continental United States essentially have no or very limited direct care capability. And in those cases where there are military hospitals because of budget cuts, there just is increasingly retirees who are turned away; and, of course, the Medicare eligible retirees are at the low end of the priority skill, and they are the ones that are hurt the worst. So we believe that these elements of legislation will help our retirees. FEHBP will provide an option to those who elect to use it. It will relieve pressure on the military hospitals where they are turned away, and we see it as a winner for everyone. We also see it as a complementary system to the existing, not a replacement. We would see it as complementing the existing system. Thank you, Mr. Chairman.

[The prepared statement of Colonel Partridge follows:]

THE NATIONAL MILITARY/VETERAN ALLIANCE

STATEMENT
BEFORE THE
SUBCOMMITTEE ON
MILITARY PERSONNEL
COMMITTEE ON NATIONAL SECURITY
U.S. HOUSE OF REPRESENTATIVES

BY

COLONEL CHARLES C. PARTRIDGE, U.S. ARMY (RETIRED)
NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

7 March 1996

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Mr. Chairman and distinguished members of the Committee, the National Military and Veterans Alliance would like to express its appreciation to you for holding these important hearings. The testimony provided here represents the collective views of our members.

The Alliance, includes the Air Force Sergeants Association, the National Association for Uniformed Services, the Naval Reserve Association, the Non Commissioned Officers Association and the Society of Military Widows. These organizations have over 500,000 members of the seven uniformed services, officer and enlisted, active duty, reserve and retired plus their families and survivors.

Surveys of military personnel and their families consistently show that medical care along with adequate pay and inflation protected retired pay and commissaries are the top concerns of the military community. In fact, with base and hospital closures and reductions in medical personnel, the increasing lack of available health care is a major concern to active and retired personnel alike.

The promise of lifetime medical care for career service members, their families and survivors is contained in law and tradition and dates back more than 100 years to 1885 when the 48th Congress provided in a War Department Appropriations Bill that, "The Medical Officer of the Army and Contract Surgeon shall, when ever practicable, attend the families of officers and soldiers free of charge."

Prior to the early 1950s the promise to provide military medical care for retired military personnel was not questioned because throughout their military careers and in retirement, medical care was provided in military treatment facilities for personnel who could use those facilities. During the early 1950s and years afterward the services used a lifetime of medical care as a recruitment and retention incentive to man the large military force required to fight the Cold War. The promise appeared reasonable and plausible since the military medical system was, in fact, keeping the promises because the numbers of retirees/ family members being treated during this period were relatively small and could be accommodated.

In 1956, when there were only approximately 6.4 million beneficiaries of the Defense Department's medical system, Congress made space available medical care an entitlement for active duty dependents by the enactment of The Dependents' Medical Care Act (P.L. 84-569; June 7, 1956; 70 Stat. 250). Thus for the first time, the dependents of active duty personnel were entitled to health care at military treatment facilities (MTFs) on a space available basis. Authority was also provided to care for retirees and their dependents at these facilities (without entitlement) on a space available basis.

Also in 1956, Congress concluded that the direct care medical system was inadequate to care for the dependents of active duty personnel and enacted legislation authorizing the defense department to contract with private sources to supplement the inadequate in-house care for dependents of active duty members who due to travel distances or other reasons could not use MTFs. This was the forerunner of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) enacted by Congress to be effective in 1967.

- CHAMPUS required the Defense Department to pay 80 percent of medical costs for active duty dependents and 75 percent of the cost for retired members under age 65, and their dependents. CHAMPUS beneficiaries were required to pay the remaining balance of the cost of the medical care they received.

- It was an after the fact admission that the defense department had a major responsibility for these beneficiaries and were honor bound by their implied and overt recruiting and retention program promises.

Exhibit A is an extract of some of the promises made in recruiting and retention literature over the years. Despite these promises, the availability of health care continues to be a problem. Deep cuts in both military and civilian medical personnel have left military medical treatment facilities (MTFs) severely understaffed. Physicians are preparing examining rooms and performing administrative tasks which means they see fewer patients than do

private sector physicians who have adequate nursing and administrative help available to them. Meantime, patients not seen in MTFs must be referred to more expensive CHAMPUS or *TRICARE* contractor care.

Because of dissatisfaction with the availability of military medical care, some groups are picketing hospitals and Armed Forces Recruiting Stations and Offices. This increasing dissatisfaction will sooner or later be seen in recruiting and retention rates and will ultimately affect readiness.

To correct the problem facing military medical beneficiaries today a variety of programs is needed - no single option will solve the problem of providing medical care to DoD's diverse beneficiary population. However, improving access to cost effective, top quality care while meeting wartime training and mobilization requirements can be accomplished at reasonable cost. The following steps should be taken:

- (1) Improve the CHAMPUS/TRICARE program.
- (2) Authorize participation in the Federal Employees Health Benefits Plan (FEHBP) as an option for military beneficiaries.
- (3) Authorize Medicare reimbursement (subvention) by the Health Care Financing Administration to MTFs and TRICARE Network providers for Medicare-eligible retirees.
- (4) Fully implement World-Wide Mail Service Prescription Drug program.
- (5) Continue the operation of the Uniformed Services Treatment Facilities Family Health Plans.

CHAMPUS/TRICARE Improvements

Today, after years of trimming and cutting, the CHAMPUS program is a disaster for beneficiaries and only remotely resembles the original program. With more people using CHAMPUS the costs increase; to reduce costs the

Department of Defense (DoD) reduces the CHAMPUS reimbursement rates. These rates have already been set so low in many cases that civilian physicians won't accept more CHAMPUS patients and those they do accept are considered charity cases. Good management requires that DoD exert pressures on prices to control costs; however, the current system is hurting the beneficiaries; cost reductions have gone too far and should be revised. See Exhibit B showing erosion of the MTFs and CHAMPUS benefit.

Standard CHAMPUS/TRICARE for retirees currently has a \$7,500 Catastrophic Cap applicable to the CHAMPUS allowable amount only. The current cap for active duty families is \$1,000; for retirees and their families who are enrolled in TRICARE-Prime the cap is \$3,000. We believe that the cap should be no more than \$3,000 for all retirees.

Beneficiaries who elect to use TRICARE Standard or Extra should not be required to obtain non-availability statements (NAS). The TRICARE program was advertised as a triple option program (HMO, PPO, fee-for-service). Individuals willing to pay the higher co-pays and deductibles should be allowed to choose his/her provider. The practice of forcing these beneficiaries to obtain NAS from the MTF, and even worse the TRICARE contract network, should be halted.

Even those enrolled will from time-to-time seek care out-side of the network. Those individuals enrolled in TRICARE-Prime should be allowed to choose a point-of-service option at reasonable cost. The current cost requiring a \$300 individual/\$600 family deductible and 50 percent co-pays is outrageous. The point-of-service option for TRICARE-Prime enrollees should be the TRICARE Standard co-pays and deductibles. This, coupled with the enrollment fee and high co-pays and deductibles should discourage frivolous use of out-of-network providers while allowing beneficiaries the option of choosing their own provider when necessary if they are willing to pay a reasonable price.

Federal Employees Health Benefits Plan (FEHBP)

*[THE VIEWS EXPRESSED REGARDING FEHBP ARE ONLY THOSE
OF THE NATIONAL ASSOCIATION FOR UNIFORMED SERVICES]*

Military beneficiaries should be authorized to participate in the Federal Employees Health Benefits Plan. Rep. Jim Moran has introduced a bill that would allow Medicare-eligible retirees to participate in FEHBP. We strongly urge this committee to support this legislation. Military retirees are the only Federal employees who are dropped from their employer provided health care system at age 65. Although eligible for care in MTFs on a space available basis, with base closures and medical personnel reductions, there is very little space available. In fact, fewer than 30 percent of Medicare-eligibles receive care in MTFs. Of those who do obtain care often it is simply prescription drugs. Many do not live near a military base and therefore have no benefit. These retirees rightly feel abandoned by the military. Authorizing FEHBP for these beneficiaries, while not fully providing the promised benefit, would provide a practical, badly needed health plan to these individuals.

The Moran bill complements the *TRICARE* system - does not replace it, but provides a benefit which DoD otherwise has not adequately provided. The bill does not address other retirees (non-Medicare eligible) who do not have access to MTFs or *TRICARE-Prime*. We urge the committee to support extending the option of FEHBP enrollment to these beneficiaries as well. See additional comments at Exhibit C.

Medicare Reimbursement (Subvention)

The promise of lifetime medical care in exchange for a career of military service has been proven and acknowledged. Despite this, military retirees, their families and survivors are the only Federal employees who lose their entitlement to medical care from their employer at age 65 upon becoming eligible for Medicare. This is age discrimination on a huge scale which disenfranchises hundreds of thousands of retired veterans and their families.

Retirees especially resent the fact that after earning what they thought was free lifetime medical care by a military career of 20 to 35 years they are

now being turned away from that care. They cannot use a military hospital with Medicare paying part of the costs even though they paid mandatory Medicare payroll deductions from their active duty military pay since January 1, 1957. The ultimate irony is that the MTFs bill their Medicare supplemental insurance plan but not the basic Medicare benefit.

Last summer, Dr. Joseph, ASD(HA) and Dr. Bruce Vladick, Director, HCFA, agreed to conduct a joint DoD/HCFA HMO Medicare Demonstration Project and they worked out a method that would remove congressional budgetary restrictions (PAYGO) to conducting the test. Unfortunately, there were perceived legal restrictions which prevented these agencies from conducting the test. Senator Phil Gramm has introduced S. 1487 which would provide the authority to start the test and solve the PAYGO problem. In the House 244 members have indicated their support for Medicare reimbursement to military treatment facilities by cosponsoring H.R. 580, which was introduced by Rep. Joel Hefley.

We urge this Congress to quickly enact Medicare reimbursement legislation so that the test can begin. We must provide greater access for Medicare-eligible beneficiaries to military medical treatment facilities to honor the promises made. Further, military medical readiness for wartime depends on military medical personnel having access to a full range of patients of all ages - pediatrics to geriatrics.

Over the past two decades the Congress and various Administrations have expressed interest in requiring the Health Care Financing Administration (HCFA) which administers the Medicare Trust Fund to reimburse the military treatment facilities for care given to Medicare-eligible beneficiaries. (See Exhibit D). Never-the-less, despite strong support, this unresolved issue has taken more time than the **Manhattan Project** which developed the world's first atomic bomb. Military retirees are outraged at this long delay in resolving what they see as a simple problem.

World-Wide Mail Service Prescription Drug Program

We believe that a mail service prescription drug program can save the Defense Department huge sums while improving the benefit for military beneficiaries. However, the charges for using this service should be the same for retirees and their families as it is for active duty personnel and their families.

Uniformed Services Treatment Facilities

The Uniformed Services Treatment Facilities (USTFs) operate the Uniformed Services Family Health Plan (USFHP) which is the only DoD plan that does not discriminate against Medicare-eligible beneficiaries, but is open to all military beneficiaries on an equal basis. The USTFs are fully at risk for enrolled beneficiaries. In fiscal year 1995, some 118,500 beneficiaries were enrolled.

There are 95,700 beneficiaries under age 65. The national capitation rate for this population is \$1,816. The UTF rate is \$1,580, thus saving DoD \$236 per enrollee for a total savings of \$22,585,000.

During the same period the USTFs enrolled 22,800 individuals age 65 and older. The USTFs accept capitation rates 5 percent below the Medicare rate. Savings to the government based on this rate total \$6.7 million if compared to what these services would have cost through Medicare. Unfortunately, these savings for treatment of Medicare-eligibles do not accrue to the Department of Defense but to the Medicare Trust Fund.

In an analysis comparing the UTF program with *TRICARE* a DoD requested study by Lewin-VHI found that:

(1) UTF capitation rates are 13 percent lower than Military Health Services System rates per reliant beneficiary.

(2) When compared to *TRICARE*, the UTF national capitation rate is 8.5 percent to 17.5 percent lower than the *TRICARE-Prime* capitation rate.

(3) The USF program administration costs are 2.8 percent compared to 5.3 percent for *TRICARE* contractor administration costs.

Surveys indicate that beneficiaries are highly satisfied with the care they receive in the USFs. These facilities are playing an important role as DoD downsizes, as MTFs are closed and medical personnel reductions are made.

We strongly urge this committee to continue the USF Family Health Plan as a separate independent program. As these data indicate bringing it under the *TRICARE* contractor umbrella will increase costs to the government.

The USFs are also ideally positioned to participate in Medicare Reimbursement (subvention) demonstration programs. Therefore, we urge the Congress to authorize USF participation.

Mr. Chairman, in closing, THE MILITARY AND VETERANS ALLIANCE wants to thank this committee for its strong support for the Uniformed Services University of the Health Sciences. Graduates from USUHS become professionals dedicated to the practice of military medicine. USUHS is essential to maintaining excellence in military medicine and plays a key role in Graduate Medical Education.

The various options outlined today can be effectively managed to provide beneficiaries a choice while controlling costs. They also provide for ongoing competition among systems which drives costs down as the various systems compete for patients.

Thank you for allowing us this opportunity to bring these matters to your attention.

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BENEFITS



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EXHIBIT A

ARMY. BE ALL YOU CAN BE.

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SOCIETY OF MILITARY WIVES
(founded 1984)

LIFETIME MEDICAL CARE PROMISE

The promise of lifetime medical care is contained in law and tradition that date back more than 100 years. Military retirees thought they had earned lifetime military health care for themselves, their spouses, and survivors by their military service because it was emphasized as a recruitment and retention incentive in all of the services from the recruiting office to every level of command. For additional indisputable evidence that the free lifetime medical promise is still being made, see the following extracts from which we quote:

Marines, Life in the Marine Corps-

"BENEFITS...These are only a few of the great extras you'll find when you join the Marine Corps. And the nice part is, should you decide to make a career of the Corps, the benefits don't stop when you retire. In addition to medical and commissary privileges, you'll receive excellent retirement pay..."

Air Force Pre-reenlistment Counseling Guide, Chapter 5 Medical Care, Section 5-2.f., dated 1 April 1986-

"One very important point, you never lose your eligibility for treatment in military hospitals and clinics"

Air Force Guide for Retirement, Chapter 1, 1 April 1962-

"Treatment Authorized. Eligible retired members will be furnished required medical and dental care."

UNITED STATES COAST GUARD CAREER INFORMATION GUIDE, USGPO 1991-

"Retirement

Most career Coast Guardsmen retire after serving between twenty and thirty years of service. Current retirement programs allow you to collect about half of your base pay at twenty years and up to three-fourths base pay at thirty years.

Retirement benefits mean more than pay too. You continue to receive free medical and dental treatment for yourself plus medical care for dependents. You also remain welcome at military commissaries, clubs and exchanges. Free space-available travel on some military flights allows retirees to travel to exotic foreign lands..."

HEARINGS ON CHAMPUS AND MILITARY HEALTH CARE (OCT-NOV 1974, HASC No. 93-70, 93RD CONGRESS)

"...the government has a clear moral obligation to provide medical care to retired personnel and their dependents...this Committee has found numerous examples of recruitment and retention literature which pledged...medical care for the man and his family following retirement."

Now, after the fact, retirees are being told that such care is only space available: it was never promised, and even if it was it is not, in fact, an "enforceable contract" based on a specific code of law.

As shown, lifetime medical care has been expressly promised in military recruitment and retention literature over the years since World War II. DoD must accept full responsibility for providing lifetime medical care for its retirees, regardless of age or physical condition, including those who retired after long years of service or because of medical disability.

EXHIBIT B

EROSION OF MEDICAL CARE THROUGH MTFs AND THE CHAMPUS PROGRAM

The authorization for continued military medical care on a space available basis with CHAMPUS as a backup was explicitly made in law and Congressional documents. Now this space available medical care is becoming even more scarce as our armed forces are reduced and military installations and military medical treatment facilities are closed. According to the CHAMPUS Handbook, published October, 1994 and BRAC documents:

STATES WITH NO MILITARY MEDICAL OR DENTAL FACILITIES

Indiana	Vermont
Iowa	Wisconsin
Minnesota	

STATES WITH ONE SMALL WALK-IN CLINIC

Maine	Oregon
Michigan	Pennsylvania
Montana	West Virginia
New Hampshire	

STATES WITH ONE HOSPITAL AND MINIMAL SMALL WALK-IN CLINICS

Arkansas	Ohio
Delaware	Rhode Island
Idaho	South Dakota
Nevada	Tennessee (hospital closes in '97)
Nebraska	Utah
New Jersey	Wyoming

REIMBURSEMENT RATES FALLING Unfortunately, the CHAMPUS benefit continues to erode. A Member of Congress shared our concerns recently when he said that the "CHAMPUS reimbursement process has been disappointing, and will probably get worse." We have two real life examples -- one from Frankfort, Kentucky and one from Fairfax, Virginia -- that illustrate the point. For a woman in Frankfort, Kentucky the amount billed by the hospital for her hospitalization with pneumonia was \$8,618.29; the CHAMPUS Diagnosis Related Group (DRG) payment was \$3,439.29 (in contrast to the Medicare DRG which was \$6,618.90). For a gentleman in Fairfax, Virginia, the bill for his orthoscopic knee surgery was \$1,900. The CHAMPUS DRG for the procedure was \$832.17.

(-more follows-)

EXHIBIT B (continued)

BENEFIT SHRINKING The story in Fairfax continued to illustrate another point about where CHAMPUS is headed. When the gentleman, a military retiree under the age of 65, submitted a claim to CHAMPUS for the \$154 unpaid by his employer's insurance (which, according to the 1994 CHAMPUS Handbook, was permitted since CHAMPUS should have paid any shortfall up to their allowable amount) he was told that CHAMPUS did not pay anything because the CHAMPUS allowable was already paid by the primary (current employer's) insurer. It appears that someone within the Department of Defense has decided CHAMPUS is now a "benefits less benefits" program, in insurance industry terms. Unfortunately, this implies that to get the most cost efficient care, CHAMPUS beneficiaries should drop all other primary coverages and spend government dollars first. It also relegates CHAMPUS beneficiaries to second class citizens when obtaining quality health care.

RULES CHANGING An article in the March 11, 1996 Army Times further highlights some of the problems facing military retirees using CHAMPUS. To keep Joy Barton (spouse of Earl Barton, a retired Air force Master sergeant) alive cost an average of \$1,452 a day according to the CHAMPUS contractor who initially processed her claims. However, a different contractor would only allow \$54 a day and, even though Joy Barton passed away in November 1995, they are pursuing Sergeant Barton for \$900,000 and the hospital where Joy Barton stayed for \$540,000. How can such a travesty occur to a man who served his country honorably and who served with the understanding that he would be provided health care for himself and his spouse?

EXHIBIT C

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM (FEHBP)

The National Association for Uniformed Services (NAUS) strongly supports the FEHBP option initiative because of the cuts in military health program funding, deep cuts in military medical personnel, flaws in the *TRICARE* program and the erosion in quality of the CHAMPUS program.

[Note: Rep. Moran's bill introduced on 5 March 1996 applies only to Medicare eligible beneficiaries: NAUS believes FEHBP should be an option for all beneficiaries who do not have access to an MTF or *TRICARE-Prime*.]

Myths about offering FEHBP as an option have been voiced by critics. These myths are addressed here:

MYTH: Authorizing military beneficiary families and retirees to participate in FEHBP will damage medical readiness since these patients would not be treated in military hospitals and valuable physician training opportunities would be lost.

FACT: MTFs are turning away hundreds of thousands of beneficiaries because of lack of capacity to treat them. However, given a choice, most of these military families and retirees would not choose FEHBP, but elect to receive care in MTFs. MTFs will not have a shortage of a full range of patients for their graduate medical education programs and other readiness needs.

MYTH: Authorizing FEHBP will result in MTF closures.

FACT: FEHBP will not force MTF closures; however, it will give options to retirees and families who have been left without military health care as a result of MTF closures. Currently, when MTFs close, retirees and their families are left with few satisfactory options. All Medicare-eligibles have left is a discount drug program. FEHBP would simply be another option for these retirees - if they want to use it. They will not be forced to do so.

MYTH: FEHBP will increase costs to DoD.

FACT: FEHBP can be a cost-effective means for DoD to provide care. It is far less expensive than reopening military hospitals - which is unlikely anyway. DoD saves health care dollars now by rationing care, turning beneficiaries away from MTFs and by keeping CHAMPUS provider reimbursement rates so low that military beneficiaries are often refused treatment by doctors or, if accepted, they are considered charity cases. FEHBP does not keep DoD's promise of free lifetime medical care but offers cost effective high quality medical care and additional access for those who choose it. This is a medical equity issue - not a budget issue.

Some critics say that DoD will not pay the government's share of the FEHBP premium and the beneficiary will be forced to pay the entire fee. These critics are wrong. That is an integral requirement of the program. DoD will not be given an exception that does not apply to all other participating government entities.

MYTH: FEHBP for the first time imposes a premium based plan on military beneficiaries.

FACT: The CHAMPUS program, with deductibles and co-pays currently in force, effectively violates the free care policy promise made to military personnel. *TRICARE-Prime* requires premiums disguised as "enrollment fees". FEHBP recognizes that reality and provides an option for those who choose it.

MYTH: FEHBP will cost beneficiaries too much and will be available only to higher ranking beneficiaries creating a "haves and have nots" situation.

EXHIBIT C (continued)

FACT: The FEHBP wrap around policy is an excellent supplement to Medicare. It costs less and provides more than other Medicare supplemental insurance policies. **Further, it is an option no one has to take.** For retirees and their families under age 65, there are FEHBP plans that cost less than CHAMPUS and some that cost more. However, most FEHBP plans offer far better catastrophic coverage, than the \$7,500 CHAMPUS allowable cap. That leaves military retirees and their families exposed to tens of thousands of dollars in unexpected medical expenses.

Standard CHAMPUS is a good program if you don't get sick. If you do get sick, CHAMPUS can be a nightmare because of getting the required non-availability statements and fighting with CHAMPUS fiscal intermediaries and doctors because of slow and low payments; CHAMPUS is no bargain. In fact, only the wealthy and persistent can afford CHAMPUS if they get sick.

We are not advocating that it be terminated. In fact, to the contrary, we want it kept as one of the options with the non-availability statement (NAS) removed. The CHAMPUS law also provides leverage with DoD for improving TRICARE.

MYTH: The **TRICARE** program when fully implemented in 1997 will solve access problems for military beneficiaries.

FACT: The military managed care program has been in demonstration mode or in place since 1988. Even where fully implemented **TRICARE-Prime** is not available to all beneficiaries. Further, Medicare eligibles may not participate in **TRICARE-Prime** or CHAMPUS; they are thrown out of the DoD health care system at age 65. FEHBP provides an option for those who physically cannot (and this is a critical point for the majority of our members who don't live anywhere near an MTF or **TRICARE-Prime** network) and for those who are "disengaged" or turned away from MTFs.

MYTH: The FEHBP option will eventually result in standard CHAMPUS "going away."

FACT: The current FEHBP legislation protects the **TRICARE/CHAMPUS** program by authorizing CHAMPUS eligibles to use it only if they are outside of a **TRICARE-Prime** or MTF catchment area. However, DoD is systematically destroying the standard CHAMPUS program by making provider reimbursement so low physicians increasingly will not accept it, imposing more restrictions on non-availability statements and by requiring a medical necessity determination before allowing beneficiaries to use standard CHAMPUS. In addition, DoD has placed more restrictions on CHAMPUS as second payer for people who have other insurance as primary payer. Now, CHAMPUS pays only on a benefits-less-benefits basis, which means that beneficiaries will get very little help from CHAMPUS as second payer. DoD policy is destroying standard CHAMPUS -not FEHBP. If standard CHAMPUS goes away, it will be DoD, not FEHBP, that causes it.

MYTH: We don't need FEHBP if we can get Medicare reimbursement (subvention).

FACT: We don't have Medicare subvention yet and we need to support subvention and FEHBP. Also, Medicare subvention applies only to MTFs and **TRICARE-Prime** networks. Therefore, hundreds of thousands of Medicare-eligible military retirees will not be allowed to participate in subvention. Even though Senator Gramm's bill (S. 1487) has fee-for-service option in it and we are fighting for it - the outcome cannot be guaranteed because DoD and Health and Human Services do not want Medicare-eligibles to have a subvention fee-for-service option; rather, they want them enrolled in the HMO option only (as one NCO said, "*They want us in the sheep pen to shear us*"). This means we give up choice of physicians and hospitals. Medicare reimbursement legislation has already taken more time than the **MANHATTAN PROJECT**!

EXHIBIT D

MEDICARE REIMBURSEMENT (SUBVENTION)

I. On 23 March 1995, Dr. Stephen C. Joseph, M.D., M.P.H., Assistant Secretary of Defense (Health Affairs) before the Subcommittee on Personnel, Committee on Armed Services, United States Senate, made the following statement in his testimony...

"With continuing reductions in military medical facilities and end-strength, our 'space available' will decline. As this occurs, there is little doubt that our Medicare-eligible patients will be forced to seek care from civilian providers under the Medicare system. First, this may turn out to be more costly for the government. Second, we believe there is a moral obligation for DoD to care for these former members of the Armed Forces and their families and survivors. Third, this older group of patients presents the wealth of clinical workload needed by our military medical personnel to maintain their skills for readiness missions."

II. Over the past years Congress has expressed interest in requiring the Department of Human Services and Health Care Financing Administration (HCFA) which administers the Medicare Trust Fund reimburse the military treatment facilities for care given to Medicare-eligible beneficiaries. The following are two recent examples:

◆ Sec. 726, FY93 National Defense Authorization Act (P.L.102-484):

"It is the sense of Congress that-

(1) members and former members of the uniformed services, and their dependents and survivors, should have access to health care under the health care delivery system of the uniformed services regardless of the age or health care status of the person seeking the health care;

(2) such health care delivery system should include a comprehensive managed care plan;

(3) the comprehensive managed care plan should involve medical personnel of the uniformed services (including reserve component personnel), civilian health care professionals of the executive agency of such uniformed services, medical treatment facilities of the uniformed services, contract health care personnel, and the medicare system;

(4) the Secretary of Defense, the Secretary of Health and Human Services, and the Secretary of Transportation should continue to provide active duty personnel of the uniformed services with free care in medical treatment facilities of the uniformed services and to provide the other personnel referred to in paragraph (1) with health care at reasonable cost to the recipient of the care; and

EXHIBIT D - (continued)

(5) the Secretaries referred to in paragraph (4) should examine additional health care options for the personnel referred to in paragraph (1) including, in the case of persons eligible for medicare under title XVII of the Social Security Act, options providing for-

(A) the reimbursement of the Department of Defense by the Secretary of Health and Human Services for health care services provided such personnel at medical treatment facilities of the Department of Defense; and

(B) the sharing of the payment of the cost of contract health care by the Department of Defense and the Department of Health and Human Services, with one such department being the primary payer of such costs and the other such department being the secondary payer of such costs."

◆ **Sec. 718, FY96 National Defense Authorization Act (P.L. 104-106)**

"Sense of the Congress Regarding Access to Health Care Under TRICARE Program for Covered Beneficiaries Who are Medicare Eligible.

(a) Findings - Congress finds the following:

(1) Medical care provided in facilities of the uniformed services is generally less expensive to the Federal Government than the same care provided at Government expense in the private sector.

(2) Covered beneficiaries under the military health care provisions of chapter 55, United States Code, who are eligible for Medicare under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) deserve health care options that empower them to choose the health plan that best fits their needs.

(b) SENSE OF CONGRESS.-In light of the findings specified in subsection (a), it is the sense of Congress that-

(1) the Secretary of Defense should develop a program to ensure that such covered beneficiaries who reside in a region in which the TRICARE program has been implemented continue to have adequate access to health care services after the implementation of the TRICARE program: and

(2) as a means of ensuring such access, the budget for fiscal year 1997 submitted by the President under section 1105 of title 31, United States Code, should provide for reimbursement by the Health Care Financing Administration to the Department of Defense for health care services provided to such covered beneficiaries in medical treatment facilities of the Department of Defense."

Mr. DORNAN. Excellent statements. Let me ask my two remaining subcommittee members here if either has anything pressing, then one could defer to the other. Mac, I usually turn to my vice chairman here to go first. All right. Mr. Pickett, do you have any questions?

Mr. PICKETT. Thank you, Mr. Chairman. In the interaction that you have with the members of your various organizations, what, in your opinion, is their No. 1 concern today about the health care being provided to retirees and beneficiaries?

Lieutenant Colonel MOLINO. I will take that on first, Mr. Pickett, if you would like. The calls I get from members is they fear, and you really can hear the anxiety in their voice, and I suspect you get similar calls in your district office, there is an anxiety that access is just disappearing. And the second most pressing concern they have is the pharmacy benefit, that they are not going to be able to have their expensive, sometimes exotic prescriptions filled because it is no longer carried into formulary because it is not cost effective for that facility that supports them. Those are the two that stand out in my mind.

Mr. PICKETT. Anyone else want to comment?

Colonel PARTRIDGE. I would like to mention we essentially have two also, and we have a group of beneficiaries who are very low income who are clustered around military treatment facilities, and they believe they were promised lifetime medical care free. They have no CHAMPUS supplements. They have no Medicare supplements. Some of them, although very few, do not have Medicare Part B. And these are the ones who are desperately afraid of losing health care.

Now the others are the ones who have done everything they can to provide for their health care. They have bought supplements as CHAMPUS eligibles. They have brought supplements as Medicare eligibles. But once again, once they reach 65, they lose the pharmacy benefit and their concern is having a reasonably priced benefit with catastrophic coverage so that they do not see their life savings destroyed by a serious illness.

Ms. HICKEY. I think there is another element that we would probably all agree with, and it is probably the one that has tugged at my heartstrings the most, is when you talk to some of the very elderly, World War II retirees, they will actually get tears in their eyes. It is a feeling that they have been abandoned, that this was something that they were promised. Some of them have reason to believe that they are going to be dying very shortly and leaving an elderly spouse, widow. And they say I was promised this. I was promised this for myself. I was promised this for my family. What am I going to do? And I do not have an answer for them.

Colonel ROHRBOUGH. I would just like to add the comment that I have never heard more or had more calls of frustration than at this period of time, especially with the downsizing in the military treatment facilities, the installations, leaving them high and dry without real clear access to health care other than maybe to Medicare. And when they live in a small community where some of these bases and military installations are, they have no other choice except to try to relocate, and that becomes even more prob-

lematic because they cannot sell their home because they are in a situation that puts them in a catch-22 situation.

They are frustrated about not being able to get access to health care and the promise that was made to them when they were recruited and they were retained on active duty. They also are extremely concerned about the very, very high cost, the rising cost of prescription medications and that is stated time and time again, probably one of their single most frustrating experiences.

Mr. PICKETT. What kind of feedback do you get from these folks on the issue of being able to get into a military treatment facility to get medical care on an as available basis?

Colonel ROHRBOUGH. I would like to address that. I think the greatest frustration that they have is that when they make that phone call and try to get an appointment, be it for a cardiologist, an internist, where they might have those on staff, they are told, sorry, there are no appointments, call back on the next Monday of the following month, and maybe you might be able to get something. They are extremely frustrated that they are given this run-around, and that they are told that there is no room for them at the inn.

I think when they try to get that medication and they go into that pharmacy, that military pharmacy, if they can get there, and sometimes they will drive 100-150 miles, maybe even farther in some cases, and told, well, I am sorry we can give you a prescription drugs for this prescription but we cannot give it to you for these other four that you need because we just do not have that available. And then they really get extremely frustrated when they are told, well, we have got it, but we can only give it to the active duty family members, nobody else. And those are highly, highly frustrated individuals.

Ms. HICKEY. I think John Molino's boss probably said it better in an editorial in the AUSA magazine when he ended it with, "may you have an interesting disease." And I think that was sort of clarified by certainly the first panel today. They do need people with interesting diseases in order to do their graduate medical education. We coined a phrase at NMFA back in 1988 when we first began testifying on health care, which is not a very nice one, "body snatching." If you have got an interesting disease, then we will snatch you into our system, but if you do not, good luck. I think we also have to understand that if managed care works correctly, there will not be space available. That is the whole premise behind it. So how much space is going to be there?

Mr. PICKETT. Anyone else?

Colonel PARTRIDGE. I think that covers it.

Mr. PICKETT. OK. Mr. Chairman, I could not see you. You were leaning back in your chair. They were the two questions I wanted to ask this panel, and I thank you very much. And I thank the panel for your comments.

Mr. THORNBERRY [presiding]. Thank you, Mr. Pickett. And I want to just commend you all for the work you have done on this issue. It is complicated, and it is frustrating, and I think you all have done good work. I have been able to scan your proposal that you have in your testimony today, and I think it helps. And as a matter of fact, I heard you all saying about the same thing on what

we need to do, and to the extent that we can have all the groups interested in this issue singing off the same sheet I think helps us, and I certainly encourage those sorts of efforts. It does help get something done.

I get frustrated, too. You mentioned the World War II generation. A number from my district are afraid that they will all be gone by the time we get something done on this, and I am not sure they are completely wrong when they look at how slowly this moves sometimes. Let me ask you this. Are you all aware of the Department of Defense's Medicare subvention test program proposal. If so, would you tell me what you think about it?

Colonel PARTRIDGE. Yes, sir, I will be glad to start. We have a major disagreement with the test proposal in one area. Our view is that any Medicare test should include not only the so-called capitation method, or HMO method, where the military retiree with the Medicare benefit says I am willing to turn my Medicare benefit over to you, I will get all of my care within the subvention parameters. We also believe, though, that the so-called fee-for-service option should be there for those who do not want to do that. There are some retirees who have the doctor downtown, they are happy with the care they are getting, perhaps it is heart trouble or something like that, but on a space available basis, they would like to use their Medicare benefit in the military treatment facility. We believe the test should also include that component as well.

And I might add that that is where your biggest savings are going to come from. You will get much bigger savings out of that than out of the managed care piece which is going to generate only maybe 5- to 7-percent savings.

Colonel ROHRBOUGH. Mr. Chairman, may I add a comment?

Mr. THORNBERRY. Please.

Colonel ROHRBOUGH. One of the provisions that has caused DOD a great deal of difficulty in developing their provisions for the test demonstration is its cost. One of the ideas that they have principally addressed is the idea that if an individual were to enroll in the TRICARE Prime program that they would principally use the military treatment facility as its central source of health care. And what is void there is the fact that with the TRICARE Prime program, you also have a very large civilian network of civilian providers who are under contract at negotiated discount rates, and we think that that entire network ought to be a part of that demonstration so that the individuals have a wide choice of providers and access to health care.

Mr. THORNBERRY. Yes. Anything else you wanted to add on this?

Ms. HICKEY. Well, I would agree with Colonel Rohrbough. What it would do, if we do not bring them in to the full TRICARE Prime, is to still make them that second-class citizen.

Mr. THORNBERRY. Yes.

Ms. HICKEY. And I think we have done enough of that right now.

Mr. THORNBERRY. Let me ask in your proposal, one of the options is being a part of the Federal employee system. Out-of-pocket expense as far as your military retirees, is it going to be better or worst under? Do you have estimates on that?

Ms. HICKEY. Yes. For the over 65 it is actually less than a supplemental Medicare plan, and it would provide prescription drugs.

Mr. THORNBERRY. So it would give them better coverage.

Ms. HICKEY. Yes. Only a few of the supplemental plans do, and they are extremely expensive.

Mr. THORNBERRY. Yes, okay. My last question. Have you all looked at whether it is even feasible to take military retirees completely out of the military health care system and create a new system of some sort to provide health care coverage for them? Some people have even suggested coming up with some new card or some plan that these folks can, and then the military system, can be sized to meet active duty only, and so it would take them completely out? Have you looked at that, and do you have any comments on it?

Mr. DORNAN. Would the gentleman yield?

Mr. THORNBERRY. Sure.

Mr. DORNAN. I just want to piggyback on your question. Because of the massive drawdown of bases, completely changing the status quo, the ground rules under which most people served, retired, and then picked their retirement area, and because even in your ticking off the 5, the 7, and the 12, Chuck, if some of the States left with military bases are like California and Texas, they are so large geographically that you might have to drive the distance of all the way from Maine to New Jersey to get across Texas or down California to get to a place. So it is skewed geographically even worse than 50 percent. Because all of that has changed, and because active duty military obviously serve near medical facilities, except for a few handfuls of recruiters—they are covered—then what about this idea, not Mr. Thornberry's idea, but we have heard from others that because so much has changed, we have drawn down almost 600, going to 700,000 people and closed all these bases, that maybe there should be a separate system for military retirees?

Colonel PARTRIDGE. I would like to comment on that.

Mr. DORNAN. Sure.

Colonel PARTRIDGE. I am not qualified as a medic to comment on it, but I have talked to a lot of the doctors who run these hospitals, the surgeons general and others, and they say that you cannot run a military medical system that will be ready for wartime if you have only healthy 18- to 25-year-olds to treat. First of all, if you get the doctors, you will not keep them because it is boring setting broken legs and arms. In order for them to keep certified in their specialties, they need a full range medical practice. We say from geriatrics to pediatrics. So I think that if you are going to have the kind of doctor that you want treating you in combat or treating your son or daughter in combat, I think you are going to want to keep a full range medical practice. And I do not know how you do that without treating retirees.

Mr. DORNAN. Good answer.

Colonel ROHRBOUGH. I might just add to that, if you do not mind, that full range is absolutely critical to the retention, not only of providers for a full career, but for the recruiting of new physicians into the military services. If they are not challenged clinically, and they do not have the opportunity to advance professionally to their board certification in their specialties, then they are not going to come into the service. And you are not going to then have the readiness force that you need.

Lieutenant Colonel MOLINO. I would add, too, sir, that retirees who do not have access to the military facilities should have this FEHBP-65 option as an optional course they can take and be willing to pay for.

Mr. DORNAN. That was my next question.

Lieutenant Colonel MOLINO. But the ironic thing, perhaps ironic, is that those retirees who live close to facilities that can still see retirees and still do see retirees, there is a comfort level with going on a military installation and being seen by a military doc that the department has nothing to fear. They are going to have enough old sick patients who like being seen by docs in uniform even with an FEHBP option.

Ms. HICKEY. I think also when you are looking at taking the retirees totally out, actually I do not think we would be able to license any of our military hospitals or accredit them. One of the things for accreditation is that you have to, unless you are a specialized hospital like a children's hospital you have to offer a full, broad range of care. And if we did not have geriatrics, and so forth, I do not think they could be accredited.

Mr. DORNAN. You just heard in the prior discussion about HIV, that the Navy with almost half a million people, has only 200. So it is not just healthy 18- to 25-year-olds, the 25-50 are pretty darn healthy.

Colonel PARTRIDGE. That is right.

Mr. DORNAN. Because they have such a higher standard of work performance. Smoking is being so heavily discouraged in the military. I had confirmed to me today by the Surgeons General that the entire Pentagon is a non-smoking zone. So the military gets more and more healthy as time goes by, because they have tougher standards to live up to. Well, you have partially answered what was going to be my first question. Maybe you talked about this when I called my staff a second ago. Would you support a 50 percent cut? Let me start with you Chuck Partridge. Would you support a 50 percent cut in the military health care system in order to offer military beneficiaries enrollment in FEHBP?

Colonel PARTRIDGE. I have heard that figure kicked around, and I do not believe you need a 50 percent cut in order to offer this. I know that some of the analysts say if you give it to everybody, you have to cut them 50 percent. That is not what we are talking about. We are talking about offering FEHBP as a complementary system, and a way to do it, which I know budget analysts do not like because it is hard to measure, would be to phase it in. You could offer the program. Just lay the program out there for a year or two and let us see who takes it. And then let us take a look at it. We do not have to shut down a bunch of hospitals and just convert overnight in order to offer this benefit.

Mr. DORNAN. Right. But FEHBP would require beneficiaries to pay—

Colonel PARTRIDGE. Yes.

Mr. DORNAN [continuing]. A percentage of the premium. The current Government employee shares about 28 percent. Are your member organizations—let us go to the Military Coalition, too—willing to pay premiums that large?

Ms. HICKEY. Basically CHART's recommendation is that active duty families would not pay anything, that DOD would take up their premium. But the retirees and obviously the over-65 retirees would pay exactly the same premium that Federal civilian retirees pay.

Mr. DORNAN. And that would be close to Medicare?

Ms. HICKEY. They would pay exactly the same premium—

Mr. DORNAN. Right.

Ms. HICKEY [continuing]. As any Federal civilian pays.

Mr. DORNAN. Right.

Ms. HICKEY. Retiree. The only difference would be the active duty families.

Mr. DORNAN. Right. So that is not a big objection.

Ms. HICKEY. No.

Mr. DORNAN. To get that extra coverage. Interesting. Is this kind of a different shift in the general thinking of the membership looking at this over this last year?

Ms. HICKEY. It has been interesting because Sylvia Kidd, who is our director of government relations and was our president last year, and incidentally the wife of the then sergeant major of the Army, and I both travel rather extensively, and I think Sylvia, who is here, will agree with me that in the last 2 years we have seen a real shift in our active duty people. We used to talk to groups and when I talked to women and mothers, they were all for an FEHBP, a premium-based, and knowing how much they were going to have to pay when the child got sick, not having to worry about whether they had the money or not. When I talked to the men, they sort of had their hand on their back pocket. Right now I do not have to pay for it. I do not have to pay for CHAMPUS until somebody gets sick. So they did not want to participate in a premium plan.

Sylvia and I have both seen a tremendous shift in the last 2 years on that. I go into enlisted groups now and I have as much support for this type of plan among the active duty male enlisted members as I do among their families.

Mr. DORNAN. Then there has been a shift. Interesting. A comment on worldwide mail service pharmacy benefits. When I was out of the room, I heard one of you start to discuss that. Was that you, Colonel?

Colonel PARTRIDGE. Yes, sir. Yes.

Mr. DORNAN. Yes. Just again very briefly, a comparative between the way you have interpreted TRICARE over the last year with region 11, what you are reading, what you are analyzing, on this mail service pharmacy benefit?

Colonel PARTRIDGE. Our view on the mail service pharmacy is let us take it outside the TRICARE area where you do not have a TRICARE contract that you are going to be operating under, under the standard CHAMPUS program; you pay full civilian price for prescription drugs. The government pays full civilian price for prescription drugs. They pay 75 percent of it. Beneficiary pays 25 percent of it. And our view is that if the Department of Defense set up a mail service pharmacy system where they could buy the drugs, and they get them at below the wholesale rate, and set up a system then for these very expensive maintenance drugs that day

after day, year after year, people have to take for heart conditions and other conditions, we could save money by having a mail service prescription drug system.

Now, what we would want, of course, is for it to extend also for those over 65. Right now DOD does not pay for drugs for over 65 except those who come to the hospital and get it free. So you got a cost dimension there. But that was the point here.

Mr. DORNAN. Over 65. If you are being treated at a medical treatment facility, you get the drugs just like active duty.

Colonel PARTRIDGE. Yes, sir. And if your civilian doctor prescribes a drug for you and if you present that prescription at a military treatment facility and if they have it, then they will fill it. Oftentimes they do not have it. But if they have it, they will fill it.

Mr. DORNAN. So a lot of retirees who may—I have never thought of this—who make the big drive for staple commissary items or a little PX shopping, they will go by the pharmacy.

Colonel PARTRIDGE. You have described exactly what happens. Yes.

Mr. DORNAN. Right. All right. Did you have any more questions, Mr. Pickett?

Colonel PARTRIDGE. I have nothing further, Mr. Chairman.

Mr. DORNAN. Mr. Thornberry.

Mr. THORNBERRY. No, Mr. Chairman.

Mr. DORNAN. Well, I want to thank you very much. Just let me ask one closing question about your plans to analyze now region 6 as it comes up to full speed. Again, I cannot believe that it has been a year since we had the March hearing, and region 11 was only up and running about 2 weeks. We do not have another hearing on this cycle before markup. So please write to our committee, to my professional staff on this subcommittee, with any other suggestions or anything you learn in tracking this, because I think you see that this committee to the last member of both parties wants to do right by the people who have served our country. Thank you so much.

Ms. HICKEY. Thank you.

Mr. DORNAN. You had a closing statement, Colonel Molino?

Lieutenant Colonel MOLINO. No, sir.

Mr. DORNAN. All right. Thank you very much, ladies and gentlemen. We also have written statements from Chief M. Sgt. James D. Staton of the Air Force Sergeants Association and Ms. Edith G. Smith for the Disabled Military Retirees that will be included in the record.

Colonel PARTRIDGE. Thank you, Mr. Chairman.

Colonel ROHRBOUGH. Thank you.

Mr. DORNAN. The committee is adjourned.

[Whereupon, at 6:50 p.m., the subcommittee was adjourned.]

[The following questions/statements were submitted for the record:]



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

APR 24 1996

Honorable Robert K. Dornan
 Chairman, Subcommittee on Military Personnel
 Committee on National Security
 House of Representatives
 Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter of March 20, 1996, regarding the March 7, 1996 hearing on TRICARE and alternatives for military retiree health care. I welcome the opportunity to answer your questions and those of your Committee members.

My responses to the questions for the record are enclosed. I have also enclosed a copy of my response to Representative Thornberry, dated April 1, 1996, regarding the proposal, from a group of his constituents, to solve the current retiree health care dilemma. Representative Thornberry had corresponded directly with my office on this issue.

Thank you for your continued support of the Military Health Services System.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen C. Joseph".

Stephen C. Joseph, M.D., M.P.H.

Enclosures:
 As Stated

cc: Representative Owen B. Pickett

QUESTIONS FOR THE RECORD
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL
TRICARE AND ALTERNATIVES FOR MILITARY RETIREE HEALTH CARE
STEPHEN C. JOSEPH, M.D., M.P.H.

March 7, 1996

Mr. Dornan: Isn't it true that of all the illnesses that may be retained on active duty by the Services as permanent medical non-deployables, HIV positive status is the only one that may be transmitted to another individual?

Dr. Joseph: By policy, HIV is the only condition that is maintained on active duty in a permanent medical non-deployable status; it must be noted that HIV cannot be transmitted to another individual by casual contact, and that data clearly indicate an extremely low seroconversion rate of 0.6/1000 in active duty members.

Mr. Dornan: For the Surgeons General: Would each of the Surgeons General comment on whether it is true that HIV positive status is the only illness that may be retained on active that is also infectious and may be transmitted to another individual? Would each of you also comment on the medical reasons why HIV infected personnel have been denied the opportunity to deploy, serve overseas, and perform certain duties, such as flying?

Army: There are many infectious diseases that affect active duty personnel but allow them to remain on active duty. Examples of transmissible agents that can cause chronic infections are hepatitis B and C, genital herpes, and varicella zoster (shingles). Active duty personnel with these infections who are otherwise fit are retained on active duty and are deployable.

The medical concern for the HIV-infected individual mostly stems from the depression of the body's immune response that eventually results from infection with HIV. For persons in the early stages of HIV infection, as are most HIV-infected soldiers, the risk of problems resulting from immunodeficiency is relatively small.

(1) Military personnel deployed abroad potentially face a wide variety of infectious diseases that they would not otherwise encounter, including leishmaniasis, tuberculosis, and acute infectious diarrhea. These infections can be more severe in persons with impaired immune systems.

(2) Vaccines containing live virus can pose an increased risk of adverse reactions to persons with HIV. Deployments require certain live viral vaccines, such as yellow fever and oral polio vaccines. Other immunizations, although safe, may be less effective in persons with advanced HIV infections.

(3) Persons with HIV infection also benefit from regular medical evaluations. The timing of these evaluations varies with the stage of HIV infection, but the Army requirement for semiannual medical evaluation can be considered a medical reason for non-deployment.

(4) The restriction from deployment protects the blood supply by preventing HIV transmission from an infected soldier to a comrade during an emergency blood transfusion.

(5) There is no medical reason for HIV-infected soldiers' duties to be altered solely because of their infection, except for some health care occupations. The restrictions on duty assignments are for the most part administrative, such as the prohibition on assignment to deployable units. Other restrictions for medical reasons are based on individual fitness-for-duty evaluations.

Navy: HIV infection is not the only illness which is infectious or transmittable to another individual that affects personnel retained on active duty. Other chronic viral illnesses, such as hepatitis B, hepatitis C, recurrent genital herpes, and condyloma acuminata, are not currently grounds for dismissal from the service but are all chronic and contagious to others. Similarly, personnel chronically infected with the tuberculosis bacteria enter the service and remain on active duty, even though they are at risk of developing active disease and transmitting the infection to others. Hepatitis B, in particular, serves as an excellent model for HIV infection. It is transmitted in exactly the same ways as HIV although it is 100 times more contagious and results, in a large percentage of cases, in chronic infection which can lead to cirrhosis, liver cancer and death. Currently, asymptomatic chronic hepatitis B infection is not grounds for dismissal or restriction in duty assignment. When patients develop hepatitis B symptoms, they are handled as any other patient with post-infectious cirrhosis and are sent to the Physical Evaluation Board. While there is an excellent vaccine to prevent hepatitis B infection, until there is universal vaccine coverage, those who become infected and remain asymptomatic are retained and are fully deployable.

The medical reasons that have supported duty restrictions for HIV infected service members are different now than they were in 1985 when they were first implemented. In 1985 the natural history of HIV infection was largely unknown and the nature of the infection risk posed to HIV infected individuals by foreign environments was also unknown. As a result, from a medical stand point, restrictions of duty assignments to CONUS made sense because frequent follow-up was deemed necessary to detect evidence of immunologic deterioration and the infection risks overseas were felt to be a special hazard for HIV infected personnel. Over the 11 years we have followed the HIV infected population we have learned a great deal about early infection. We have learned that only a small percentage progress rapidly and truly require every 6-month follow up. These rapid progressors are fairly easy to detect in the first 1-2 years of infection by their rapidly falling T₄ counts and other evidence of immune system dysfunction. Recently, the availability of viral load determinations have further refined our abilities to detect rapid

progressors. The non-rapid progressors, if they progress at all in their infection, do so at a slow rate over years rather than months. Such individuals could be evaluated less frequently than every 6 months to monitor their infection consequences, in a manner similar to the follow-up provided those with chronic hepatitis B infections.

In the past 11 years there is no data to suggest that HIV infected individuals early in their infection, who are not rapid progressors, are at an increased risk from infecting agents encountered overseas. It might be possible, from a medical stand point, to alter the restrictions on overseas deployments of non-rapid progressors. However, there may be other medical reasons to maintain restrictions to duty assignment to CONUS. Recent data on new anti-retroviral therapy indicates arrest of infection progression may be possible and that early infection is an appropriate time to begin this new therapy. The implications of this therapy would be that disease might be either prevented or significantly delayed and infected individuals might be able to live semi-normal lives like non-insulin dependent diabetics. Until the merits and application of this therapy are known, HIV infected individuals might benefit from remaining in CONUS to receive this treatment. If the therapy meets expectations and is relatively well tolerated, deployment and overseas assignment while on treatment may be possible.

For specialized duties such as aviation, when restrictions were first applied there was a lack of data to indicate that allowing HIV infected individuals to fly aircraft was safe. At that time it was known that HIV was a neurotrophic virus that invaded the central nervous system--the brain and spinal cord--early in the infection. The possibility that split second decision making might be impaired was considered and the decision was made to not permit flying status. Since 1985, data to support the safety of HIV infected individuals operating aircraft has not emerged so no change in flying status has been recommended. Since civilian pilots, air traffic control personnel, and others involved in flying are not routinely screened for HIV infection, it is highly likely that HIV infected personnel are operating civilian aircraft or performing air traffic control duties. No accidents have been known to occur as a consequence.

Air Force: There are numerous infectious conditions besides HIV that allow a member to be retained on active duty. Air Force Instruction 48-123, "Medical Examinations and Standards," specifies that the following infectious conditions, if present, should undergo a Physical Evaluation Board (PEB): Hansen's disease (leprosy), generalized tuberculosis (TB) or active TB requiring greater than 15 months therapy, and chronic hepatitis B. The PEB, as with all conditions, can determine that the individual remain on active duty.

The restrictions on HIV personnel deployability remain DoD policy. The rationale for this policy is valid and two-fold: to maintain the safety of the blood supply for potential transfusions during contingency operations, and to address political concerns associated with the deployment of HIV-positive members to other countries. HIV-positive individuals are restricted from flying duties because of the inability to predict the

potential for the onset of neurological symptoms associated with AIDS. The Air Force follows DoD policy and has never articulated any different rationale for the restrictions.

Mr. Montgomery and Mr. Skelton: Dr. Joseph, the \$315 million appropriated for the USTF program this year is inadequate to pay the USTFs for all of the military retirees who sought enrollment in this managed care plan. This is not a new occurrence. It also happened in FY 94.

Even though the funding was inadequate, the USTFs, continuing their commitment to military retirees, enrolled thousands of beneficiaries beyond what available funding would cover and committed to providing comprehensive health care to these people on an uncompensated basis. To permit this to occur without any of the USTFs suffering an unacceptably high financial burden, the USTFs - at the request of your staff allocated the \$315 million among themselves so that the uncompensated care was fairly distributed.

Your office paid the USTFs on the basis of this allocation through February, just as your office has always paid the USTFs on the basis of their consensus proposed allocation. Beginning in March, however, your staff shifted this allocation. Three USTFs are now left with an unacceptably high burden of uncompensated care. Three USTFs may not be able to use all of the money you have now allocated to them. The USTF which gains the most under your revised allocation - the Sisters of Charity of Texas - wrote you protesting this unprecedented mid-year revision.

Since both allocations total the same \$315 million, why has your office imposed this extremely injurious reallocation?

Dr. Joseph: DoD's allocation of the FY 1996 appropriated funds is based on several significant factors and I believe represents the most equitable method of allocating these funds. At the end of FY 1995, the USTFs had an enrollment which would require \$309 million in annual DoD capitation payments. DoD communicated to the USTFs that additional enrollment should be delayed until there was a final DoD appropriation. The USTFs chose to enroll beneficiaries to a level which we estimate will require up to \$335 million in annual capitation payments. Since DoD can only make payments up to the appropriated level, the USTFs will face a shortfall this year of up to \$20 million.

Prior to final enactment of the DoD Appropriations Act, DoD made payments to the USTFs totaling \$50 million for DoD beneficiaries for the months of October and November 1995 under the Continuing Resolution. The enactment of the \$315 million funding level for DoD beneficiaries in the Uniformed Services Family Health Plan (USFHP) leaves \$265 million for the remaining ten months of FY 1996 and will be allocated at \$26.5 million for each of the last ten months of FY 1996. DoD is committed to making full capitation payments for all enrollees as of September 30, 1995, and all newly-enrolled active duty dependents as of October 1, 1995. This will require an estimated \$313 million. Each USTF will receive a pro rata share of the remaining \$2 million based on each facility's percentage of the enrollment of FY 1995 enrollees who

have re-enrolled for FY 1996 plus FY 1996 active duty enrollees. Also, DoD is committed to reallocating any surplus funds should enrollment decline during FY 1996. These funds would be allocated to cover the USTFs' expenses for their over-enrolled population as of December 1, 1995.

The USTFs' proposed method of allocating the FY 1996 funding was predicated on covering the losses of USTFs which over-enrolled. The effect of this plan was to compensate those facilities which ignored the Congressionally-approved appropriations for the USFHP and the DoD warnings against over-enrollment. In a January 11, 1996, letter from the USTFs, they indicated that they would seek a supplemental appropriation. Had DoD adopted the USTF plan, it simply would have encouraged disregard for the appropriations process in future years. DoD does not plan to fund the USTFs in a fashion that would exceed full payment for those enrollees covered by the appropriation and will further not fund in such a fashion as to assume a supplemental appropriation by Congress. Although DoD invites the USTF's comments and, when feasible, accepts their recommendations on allocation of the budgeted amount, the allocation decision is a government responsibility and one that may not be subrogated.

I believe I have made every effort to fairly and equitably allot the funds appropriated for Fiscal Year 1996, to ensure that a funding shortfall does not occur at the end of the year and that the allocation reflects the statutory priority for active duty family member enrollment. Although the USTFs made the decision to enroll more beneficiaries than the FY 1996 appropriation can support, and are financially responsible for the unfunded enrollees, I have made a personal commitment to work with all of the USTFs in resolving a short fall experienced because of these enrollees. I have agreed to facilitate compensation for health care services provided to unfunded enrollees who are eligible for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) through a bi-lateral modification to the USTF agreements. We are currently working with several USTFs to construct a modification that will accomplish this.

Mr. Montgomery and Mr. Skelton: Dr. Joseph, I understand you personally worked with the USTFs to develop 11 "Guiding Principles" which will govern their continuation as a distinct component of the MHSS when the current USTF contracts expire in 1997. Your staff has circulated these guiding principles on the Hill. I laud you for these efforts, and I am pleased you intend to continue the USTF program as the Department implements TRICARE.

I further understand that your staff, in cooperation with the USTFs, is developing legislation to implement these guiding principles. Since our legislative schedule this year is compressed, the timing of your submission of this legislation is critical.

When will we receive this necessary implementing legislation from you?

Dr. Joseph: The Department is not proposing legislation. Rather, in compliance with the request of Congress, we are working with the USTFs by providing comment on a legislative proposal developed by the USTFs.

Mr. Montgomery and Mr. Skelton: Dr. Joseph, is it your intention to pursue full funding for the USTF program for FY97 so that next year the USTFs will not again be faced with the choice of either providing uncompensated care or breaking their commitment to our military retirees?

Dr. Joseph: The Department has recommended an increase in FY97 USTF funding to account for inflation. This recommendation has been submitted to become part of the President's FY97 budget.

Mr. Watts: Dr. Joseph, I thank you for being here today. I am very concerned about Medicare Subvention and the possible opening of the Federal Employees Health Benefits (FEHBP) program to Medicare-eligible military retirees. I believe the only hurdles in the flight to bring subvention to reality are bureaucratic and I want to use this opportunity to allow you to give this committee your thoughts on these two issues. Can subvention and FEHBP work? Will Medicare subvention help our military retirees, who were promised life-long health care, avail themselves of treatment at military hospitals and clinics?

Dr. Joseph: I believe Medicare subvention can work and that it will help our military retirees have better access to care by providing a more seamless benefit between their Medicare coverage and care in military facilities. As we envision the implementation of subvention, we expect to strengthen the relationship between care provided in the civilian sector under Medicare and in our direct care system. That is a fundamental element of the TRICARE Program where we have linked care provided in our facilities with the civilian care our beneficiaries obtain through the CHAMPUS program. This is most noticeable in our TRICARE Prime option, which is the managed care option requiring enrollment. We have been unable to offer our Medicare beneficiaries enrollment in TRICARE Prime. With subvention we believe we can fully include Medicare eligible military beneficiaries in TRICARE Prime.

The Department of Defense (DoD) has proposed to the Health Care Financing Administration (HCFA), Department of Health and Human Services (DHSS), a demonstration where the Medicare program would treat the DoD and its Military Health Services System (MHSS) as a risk-type health maintenance organization (HMO) for dual-eligible Medicare/DoD beneficiaries. Under this arrangement, the DoD would continue to maintain its current level of effort in terms of financial commitment to caring for the dual eligible population. Medicare would pay for dual-eligibles receiving care from the DoD managed care program above DoD's current level of effort.

The Health Care Financing Administration (HCFA) and Department of Defense (DoD) are currently working through the agreement necessary for the Military Managed

Care Demonstration. As one step in this process, the two agencies, working with the Office of Management and Budget, are drafting legislative language that would authorize such a demonstration. HCFA and DoD are jointly examining issues to establish the demonstration's feasibility. This involves analysis of DoD and HCFA data to assure that this demonstration does not increase the total federal cost of both programs. Both Departments are working with OMB to assure that the demonstration is of mutual benefit to both agencies, as well as the beneficiary populations served.

As for the Federal Employee Health Benefits Program, we are currently studying this alternative. We are focusing our study, however, on active duty families assigned to areas where TRICARE Prime is not available, rather than on retirees, their family members and survivors. This is because DoD already assumes the vast majority of health care cost for active duty families, whereas many CHAMPUS-eligible retirees have other primary health insurance and are not reliant on DoD at present. There is a risk that beneficiaries who are currently not reliant on the Government for their health care coverage could be induced to drop their non-Government coverage, resulting in new costs to DoD, estimated at up to \$500 million. A parallel circumstance exists for Medicare-eligible DoD beneficiaries. DoD provides space-available care in military facilities for many of these beneficiaries, but costs for private sector care is reimbursed by Medicare.

Mr. Norwood: Contract Procurement:

a. Explain why the FBI was called in to investigate procurement irregularities between OCHAMPUS and Humana Health Corp. in the Region 3 and 4 TRICARE Contract.

Dr. Joseph: I am aware of no FBI investigation of alleged procurement irregularities between the Office of CHAMPUS and Humana Military Healthcare Services, Inc., in the TRICARE Regions 3 and 4 managed care support contract. I am, however, aware of an investigation by the FBI, initiated by the Air Force Office of Special Investigations (OSI), into alleged violations of the procurement integrity provisions of the Office of Federal Procurement Policy Act, 41 U.S.C. 423. The subject of the investigation was an employee of Humana's parent company who is a retired Air Force member previously assigned to the Office of the Air Force Surgeon General. The Department has been authorized by the FBI to disclose that the investigation was closed on March 22, 1996, with the conclusion that the allegations were unfounded, and no further action is contemplated at this time.

b. Considering the FBI investigation and the fact that the bid by Humana was millions of dollars higher than other bidders, why did OCHAMPUS award the contract to Humana?

Dr. Joseph: In light of the FBI investigation, the Department was very careful to assure itself that Humana Military Healthcare Services, Inc., was a responsible offeror that should not be disqualified from competition for the TRICARE Managed Care Support

contract for Regions 3 and 4. Once that decision was made, award of the contract was made to the offeror proposing the best buy for the government, balancing the technical and cost proposals under the evaluation criteria established for the procurement.

After becoming aware of the FBI investigation, the Office of CHAMPUS was advised by appropriate Department of Justice officials that continuing the procurement process would not interfere, in any way, with the investigation. Therefore, the Office of CHAMPUS, as the contracting agency, implemented procedures to determine if the conduct of the employee had impacted the integrity of the procurement. The contracting agency's investigation resulted in a determination that the employee had acted independently, without the authority or approval of Humana. Based on all information available to the contracting officer, it was determined that employment of the individual by Humana's parent company did not confer any unfair competitive advantage on Humana and that no basis existed to exclude Humana from competition on the contract. This determination was found to be reasonable by the Comptroller General in the April 10, 1996, GAO decision denying a protest of the contract award to Humana. It is also noted that, following an internal investigation into the activities of the employee by Humana, conducted with the assistance of outside counsel, the individual's employment was terminated.

Humana's bid for the TRICARE Managed Care Support contract for Regions 3 and 4 was evaluated as having the lowest cost to the government. Actual health care costs under the contract are a function of a large number of variables, such as the number of beneficiaries participating in each of the triple option programs of health care delivery under the contract, inflation, and the contractor's ability to manage health care utilization. Each offeror is required to propose trend factors, with appropriate justification, for many of these variables in the development of their cost proposals. The resulting proposals are, then, evaluated for cost realism and appropriate adjustments are made to arrive at the final evaluated price for each offeror. As noted, Humana's bid was determined to be the lowest evaluated cost to the government of all the offers. In addition, Humana's proposal received the highest weighted technical score. Combining the lowest evaluated cost with the highest technical score, Humana was ranked number 1 in the final analysis of offers as the best buy for the government and was awarded the contract.

c. Why has every single TRICARE Support contract, both medical and dental, been involved with lengthy and costly protests? What is the status of the protest over the Regions 3 & 4 contract?

Dr. Joseph: The Competition in Contracting Act provides a legal right for unsuccessful bidders to file protests with the General Accounting Office. The exercise of such legal right is viewed as a reasonable process to maintain the confidence of the contractor community in the integrity of the government's competitive contracting practices.

Generally, a decision to protest a contract award is a business judgment by an unsuccessful bidder. The relative costs of time and money to protest is insignificant in comparison to the ultimate goal of receiving an award of a multi-billion dollar contract. Having funded the cost of bid preparation and pre-award negotiation, the additional, incremental costs involved in pursuing a protest or litigation are often seen as a reasonable business cost when balanced against the rewards should the contract award be set aside or the decision result in reopening the contract for competition. In such a case, not only has the protestor been given new life in the contract competition, but the protestor most likely will recover the incremental protest costs from the government.

Because the decision to protest is generally a business judgment, the number and frequency of protests filed in multi-billion dollar contract awards should not be viewed as an indication of the perceived merits of the protests. Often, the unsuccessful bidder is conducting a fishing expedition in the hopes of finding a "smoking gun" on which to win a protest.

To date, five TRICARE Managed Care Support contracts have been awarded to serve seven TRICARE Regions. The five contracts include an interim contract, following a GAO protest, and a recompeted contract for the states of California and Hawaii. In addition, one TRICARE Dental contract has been competed and awarded. Acquisition of the six contracts has resulted in unsuccessful offerors filing nine protest cases with GAO and nine lawsuits in Federal courts. GAO has denied the protests in seven cases (including the April 10, 1996, decision denying the protests in TRICARE Regions 3 and 4) and upheld the protests in two cases. Federal courts have ruled in favor of the Department in eight litigation cases, with one case pending resolution of a challenge to award of the recompeted contract to Foundation Health Federal Services, Inc., for the states of California and Hawaii. Based on the outcome, protests to GAO on TRICARE contracts have been meritorious 22 per cent of the time; when combined with the government's success rate in Federal court litigation, the overall rate is less than 12 per cent.

As indicated above, the bid protest by Physician Corporation of America in the award of the TRICARE Managed Care Support contract for Regions 3 and 4 was denied on April 10, 1996. The government's actions were upheld by the GAO on every point.

Mr. Norwood: Part of the TRICARE system includes the DoD family member Dental Care Program, which has come under fire since OCHAMPUS selected a new contractor, United Concordia Companies, Inc. (UCCI). This Company has fewer than one-third the number of civilian dentist providers than did the previous contractor. Family members such as those at Fort Lewis, Washington, are complaining about the scarcity of dental providers, and are concerned about the quality of care that they will receive. In Jacksonville, North Carolina, Concordia is attempting to coerce area dentists to join their provider network by threatening to import dentists from outside that community who will work at Concordia's discounted fees. Prior to being awarded this contract, Concordia's parent organization was known to have sued (unsuccessfully) the Pennsylvania State

Dental Association for trying to establish a type of comprehensive dental plan that would not require large managed care companies.

Dr. Joseph: It is true that, in absolute numbers, United Concordia Companies, Inc. (UCCI) has approximately one-third the number of civilian dentists in its participating provider network than did DDP*Delta. It does not follow, however, that the UCCI network is qualitatively or quantitatively inferior to the Delta network. The relevant question is not "How many dentists are in the network?" but rather "Are the dentists in the network located where our enrolled family members live?" DDP*Delta's network was their *commercial network*. It was located in areas where large concentrations of dentists and other people live - largely in metropolitan areas like New York, Chicago, Minneapolis/St. Paul, Portland, Oregon, and Milwaukee. This is logical and rational - for a commercial dental insurance plan. Because of the nature of what the armed forces do, military bases, and military families, are often located in rural areas. For example, Fort Stewart in Hinesville, Georgia, is the home of roughly as many Family Member Dental Plan (FMDP) beneficiaries as Minneapolis/St. Paul, Milwaukee, Portland, Oregon, New York City (including Long Island), and Greater Chicago *combined*! The thousands of Delta participating dentists in these cities are clearly not relevant to the dental health needs of the military families at bases such as Fort Stewart.

As of April 9, 1996, there were more than 150 general dentists in the UCCI participating provider network within 35 miles of Fort Lewis, Washington. These dentists were located in Olympia, Fort Orchard, Puyallup, Seattle, Tacoma, Tumwater, and Yelm. Of these, virtually all were members of the Delta network.

Mr. Norwood: Does Health Affairs support the abusive and coercive business tactics that Concordia is using against civilian dentists in order to establish their provider network?

Dr. Joseph: The Department is unaware of any instance of "abusive and coercive business tactics" attributable to UCCI. We cannot condone "abusive" or "coercive business tactics" on the part of any party engaged in business with the government. Neither can the Department censure independent health care providers or business entrepreneurs for pursuing lawful and legitimate opportunities - even if these pursuits compete with established community businesses. The Department supports free market competition in the award and subsequent performance of government contracts, believing this policy promotes vigorous economic growth while providing for the wise stewardship of scarce public funds.

Mr. Norwood: If Concordia's small provider network fails to deliver the quantity and quality of dental care needed by military beneficiaries, what will Health Affairs do to remedy the situation?

Dr. Joseph: The TRICARE Family Member Dental Plan (FMDP) contract established clear and measurable criteria for the participating provider network. It

likewise provides a range of remedies for failure to comply with contract requirements. At present, the UCCI network complies with contract requirements in nearly every part of the country. Of the 371 3-digit zip codes in which more than 500 family members reside, UCCI exceeds contract requirements in 339. In the few areas where the participating provider network is not contractually adequate, UCCI reimburses dentists on the basis of their *charges* (subject to standard patient cost share percentages). They will continue this reimbursement policy until the Department determines they have established an adequate network. As previously discussed, however, the Department does *not* consider the UCCI network "small." Rather, the size and *distribution* of the UCCI network is relevant to the size and distribution of the enrolled military population.

Mr. Norwood: How long will Health Affairs give Concordia to establish an adequate provider network? How will Health Affairs demonstrate that Concordia has lived up to their contract, and show that military beneficiaries are satisfied with the quality of their care?

Dr. Joseph: With the exception of Camp Lejeune, North Carolina; Fallon, Nevada; Mountain Home, Idaho; and Kodiak Island, Alaska, UCCI had established an adequate provider network by February 1, 1996 (as required by the contract). These are four areas out of the 371 referenced above, those where there are 500 or more family members, where UCCI has not provided an adequate network. UCCI is currently paying charges in these areas and will do so until they establish adequate networks. The Department will continue to monitor the UCCI network, just as we monitor their claims processing, beneficiary support, program integrity, and quality assurance performance.

Mr. Jones: As you know, part of the TRICARE system includes the DoD Family Member Dental Care Program, which recently has come under fire with the selection of the new contractor, United Concordia Companies, Inc. (UCCI). I understand that this company has fewer than one-third the number of civilian dentist providers than did the previous contractor.

Dr. Joseph: It is true that, in absolute numbers, United Concordia Companies, Inc. (UCCI) has approximately one-third the number of civilian dentists in its participating provider network than did DDP*Delta. It does not follow, however, that the UCCI network is qualitatively or quantitatively inferior to the Delta network. The relevant question is not "How many dentists are in the network?" but rather "Are the dentists in the network located where our enrolled family members live?" DDP*Delta's network was their *commercial network*. It was located in areas where large concentrations of dentists and other people live - largely in metropolitan areas like New York, Chicago, Minneapolis/St. Paul, Portland, Oregon, and Milwaukee. This is logical and rational - for a commercial dental insurance plan. Because of the nature of what the armed forces do, military bases, and military families, are often located in rural areas. For example, Fort Stewart in Hinesville, Georgia, is the home of roughly as many FMDP beneficiaries as Minneapolis/St. Paul, Milwaukee, Portland, Oregon, New York City (including Long Island), and Greater Chicago *combined*! The thousands of Delta participating dentists in

these cities are clearly not relevant to the dental health needs of the military families at bases such as Fort Stewart.

Mr. Jones: In my district -- Jacksonville, North Carolina -- Concordia is attempting to coerce dentists to join their provider network by threatening to import dentists from outside the community who will work at Concordia's discounted fees. Does the Department support these coercive tactics that Concordia is using against civilian dentists in order to establish their provider network?

Dr. Joseph: The Department is unaware of any instance of "coercive tactics" attributable to UCCI. We cannot condone "coercive tactics" on the part of any party engaged in business with the government. Neither can the Department censure independent health care providers or business entrepreneurs for pursuing lawful and legitimate opportunities - even if these pursuits compete with established community businesses. The Department supports free market competition in the award and subsequent performance of government contracts, believing this policy promotes vigorous economic growth while providing for the wise stewardship of scarce public funds.

Mr. Jones: How long will the Department give Concordia to establish an adequate provider network? And what do you feel would make for an "adequate" network?

Dr. Joseph: With the exception of Camp Lejeune, North Carolina; Fallon, Nevada; Mountain Home, Idaho; and Kodiak Island, Alaska, UCCI had established an adequate provider network by February 1, 1996 (as required by the contract). These are four instances out of 371 areas (nationwide) where more than 500 FDMP reside. Put another way, in 367 out of 371 areas, UCCI has an adequate network. UCCI is currently paying charges in these areas and will do so until they establish adequate networks. The Department will continue to monitor the UCCI network, just as we monitor their claims processing, beneficiary support, program integrity, and quality assurance performance. An adequate network is defined by the contract specifications which state "The minimum access will be for a dental appointment with at least one participating general dentist within twenty-one (21) calendar days and within a radius of thirty-five (35) miles if the beneficiary's residence."

Mr. Jones: If Concordia's small provider network fails to deliver the quantity and quality of dental care needed by military beneficiaries, what will Health Affairs do to remedy the situation?

Dr. Joseph: The TRICARE Family Member Dental Plan (FMDP) contract established clear and measurable criteria for the participating provider network. It likewise provides a range of remedies for failure to comply with contract requirements. At present, the UCCI network complies with contract requirements in nearly every part of the country. Of the 371 3-digit zip codes in which more than 500 family members reside, UCCI exceeds contract requirements in 339. In the few areas where the participating provider network is not contractually adequate, UCCI reimburses dentists on the basis of

their *charges* (subject to standard patient cost share percentages). They will continue this reimbursement policy until the Department determines they have established an adequate network. As previously discussed, however, the Department does *not* consider the UCCI network “small.” Rather, the *size and distribution* of the UCCI network is relevant to the size and distribution of the enrolled military population.

Mr. Jones: My understanding is that TRICARE is intended to provide high quality, low cost, accessible care to dependent and retiree beneficiaries by partnering with civilian sector healthcare providers. Is this a correct general statement about TRICARE?

Dr. Joseph: That is basically a correct general statement. Our specific TRICARE Program goals are:

Providing medical services and support to the Armed Forces prior to and during military operations.

Improve beneficiary access to care.

Assure a high quality, consistent and efficient health care benefit for all MHSS beneficiaries; at a reasonable cost.

Provide more choices for all non active duty participants.

Contain overall DoD healthcare costs, and

Obtain maximum enrollment into the TRICARE Prime option of eligible beneficiaries, including active duty members.

It is through the combination of our capabilities in the direct care system of military medical facilities and our partnership with civilian sector healthcare providers that we expect to achieve these goals.

Mr. Jones: How does the quality of care provided to active duty, dependent and retiree beneficiaries at military healthcare facilities compare to what they can receive locally in civilian facilities? How would a beneficiary respond to that question?

Dr. Joseph: Under TRICARE, we believe all our beneficiaries will receive the same high quality care whether it is provided in our own military treatment facilities (MTFs) or purchased from civilian providers under the managed care support contracts. Our move toward regional delivery of health services under TRICARE includes a comprehensive plan for quality management of health services rendered. Using standardized quality management practices for both purchased and direct care, we have moved closer to a “seamless” system of health care which ensures a single standard of care and uniform benefit, regardless of setting.

We are in the process of analyzing the information we obtained from our first Annual Health Care Survey of DoD Beneficiaries. The survey data should provide us with specific information concerning our beneficiaries’ perceptions of the quality of care they receive in military and civilian facilities.

Mr. Jones: How does the average cost of services provided at military healthcare facilities compare to those provided locally by civilian facilities?

Dr. Joseph: Because of the complexity of the task, there is no cost accounting model that accurately computes a health care cost differential for care provided in military versus civilian facilities. Many attempts to approximate costs of care have indicated that care in military treatment facilities is less expensive than care on the civilian market. A recent, credible attempt to compare these costs was included in The Comprehensive Study of the Military Medical Care System, known as "the 733 Study," completed in 1994. One of the major conclusions of the study was that, as long as the Department can contain the demands associated with expanding access, it is more cost effective to provide care in the military treatment facilities than to purchase care from civilian providers.

Mr. Jones: Merely transferring the burden of healthcare from military facilities to civilian HMOs and providers doesn't appear to be the answer to significantly reducing the cost of beneficiary health care. In fact, the Department of Defense estimates that the 12 regional contracts required to support TRICARE nationally will cost \$17 billion (reported in AUSA January 1996 report, "the State of the Military Health Care System"). What changes in the way health care is delivered to dependents and retirees do you see as necessary for increasing the access to and quality of care for beneficiary populations while lowering the cost to the DoD?

Dr. Joseph: The Department's move toward regional health care delivery under TRICARE has resulted in significant improvements in the area of cost, quality, and access. Borrowing from well established managed care models in industry, TRICARE blends best practices and experiences from the private sector with military-unique requirements and expertise to form a customer-focused, seamless system of health care delivery worldwide. We continue our efforts to help provide care for retirees without impeding access for other beneficiaries or greatly increasing costs. Our Medicare-eligible beneficiaries are eligible to receive care in MTFs on a space-available basis. To improve access to needed health services for this population, legislation has been introduced to amend Title XVIII of the Social Security Act and title 10, U.S. Code, to allow the Secretary of Health and Human Services to reimburse DoD for their care provided. If this reimbursement provision, known as Medicare subvention, is enacted, we could offer full participation in TRICARE to Medicare-eligible beneficiaries. To this end, we are actively working with the Health Care Financing Administration to begin several demonstration projects where our Medicare-eligible beneficiaries could participate in the program.

Mr. Jones: How do you see information technology and health informatics assisting in improving the quality of the clinical outcome for the patient, and access to specialty care to beneficiaries in remote locations?

Dr. Joseph: Information technology and medical informatics can assist in improving the quality of the clinical outcome for the patient and access to specialty care to beneficiaries in remote locations by the application of telemedicine modalities which use

advanced imaging, telecommunications, and information technologies to make clinical consultation and medical mentoring time and distance independent. It provides the capability to project the best possible health care into remote areas that are difficult to serve, expensive to serve, and underserved. Telemedicine can provide quality health care to patients and providers anytime and anywhere through multiple media including video, audio, and real-time animation. It can benefit most clinical specialties such as radiology, dentistry, breast cancer imaging, dermatology, pathology, psychiatry, and surgery. Information technologies can augment clinical tools used for diagnosis, such as computed tomography, ultrasound and x-rays. Telemedicine increases access to medical information, and improves education and training for both providers and patients.

Mr. Jones: What initiatives do the Department of Defense have currently underway which specifically address how technology can be deployed to change the way health care is delivered so clinical outcomes are improved, costs are reduced and access to care for beneficiaries is increased? What is the budget for these initiatives? As a proportion of the overall R&D budget for health care?

Dr. Joseph: The Department of Defense (DoD) Telemedicine Testbed currently has many diverse initiatives underway which specifically address how technology can be deployed to change the way health care is delivered so clinical outcomes are improved, costs are reduced and access to care for beneficiaries is increased. These initiatives include research and development of telemedicine applications and deployments of telemedical systems and technologies. The DoD Telemedicine Testbed was established to manage rapidly advancing digital communications technologies with military medical applications. The testbed approach to health care, spanning all echelons, leverages leading edge technologies to project health care professionals over time and space to remote patient locations. The technologies include Far Forward Telemedicine Applications, a Mobile Medical Mentoring Vehicle, Digital Field Medical Treatment Facilities, Expert Tertiary Care Host Applications, Rapidly Driven Advanced Technology Insertions by the Defense Advanced Research Projects Agency (DARPA), and Telecommunications and Operational Sustainment.

Many of these initiatives are included in the Primetime III telemedicine augmentation to Task Force Eagle medical units in support of Operation Joint Endeavor in Hungary and Bosnia. The scope of the Primetime III telemedicine and medical informatics network is extensive. It features high bandwidth terrestrial and satellite telecommunications linkages between Bosnia, Germany, and the United States. Operational capabilities for the current system include automated patient and medical records tracking from the first patient-physician encounter in Bosnia via a networked centralized patient database in San Antonio, Texas. The system supplies worldwide video patient and grand rounds consultation capabilities at the medical specialty level. This capability includes telesurgical consultation from operating rooms in the deployed hospitals in Bosnia, high performance teleradiology of all forms of medical imagery including CT scans, ultrasound, and digital x-ray examinations. The system can also

support other clinical applications including teledentistry, telepsychiatry, and teler dermatology.

One of the main programs of the DoD Testbed, teleradiology, includes the capture, digitization, storage, and transmission of high resolution static radiograph medical images. Teleradiology utilizes the imaging capability of computer technology and increases the amount of information captured from radiographs. It acquires diagnostic images in a digital format, archives and manages the images in a database, rapidly displays images and patient data on clinical and diagnostic level workstations, and communicates the patient demographics and clinical information into a radiology information system that can interface with an overall computerized patient record system such as the Composite Health Care System (CHCS). The radiographs stored in optical archives provide greater and faster access to images and there are less problems with lost images. As a result, this system shortens the diagnostic cycle. Teleradiology also reduces costs by eliminating the need for chemical development, radiographic film, and chemical waste disposal. Teleradiology can improve care in remote areas by providing the capability of greater teleradiology support through real-time imaging with experts at a tertiary treatment facility.

Telemedicine enhances other clinical specialties through various networked interactive multimedia. In teler dermatology the telemedicine system uses video and high resolution still images in the diagnosis of rashes and other skin problems. Teledentistry combines videoconferencing technology with intraoral video cameras and digital dental x-ray systems that increase the quality of care. In telepsychiatry, real-time consultation allows on-the-spot diagnosis, evaluation, therapy, and continuity of care via videoteleconferencing with expert psychiatric specialists at a remote treatment facility. Important practice components such as desensitization techniques, continuity of care, and patient education and empowerment are refined by telepsychiatry. Applying telemedicine to neurology makes remote neurological examination possible using the full motion of T-1 videoteleconferencing. Having the remote neurologist monitor and dynamically perform the neurological exam with the remote provider at the patient's side can improve the care of the patient.

Incorporating efficient communications, storage, and imaging capabilities, telemedicine also uses advanced technological devices to increase access, speed the delivery of health care, and augment medical education. Some of these advanced life-saving technologies include the Personal Status Monitor (PSM), MediTag, Life Support Treatment and Transport (LSTAT), and virtual reality. The PSM is a wristwatch size device that monitors an individual's vital signs and alerts medical providers when the individual is injured. It has a real-time 3-D ultrasound imagery, a cellphone-size arterial blood gas analyzer capable of providing readings in 60 seconds, and a global positioning system that tracks the individual's location. The MediTag is a portable form of data storage that allows access to full medical records. It enables anytime interaction with multimedia medical information and it establishes security of electronic medical record and tracking of patient interactions. The data storage medium has a high capacity for rapid

information access and is platform independent as well. Virtual reality provides medical providers with the capability to conduct telesurgery to a patient in a remote location, and it enhances medical education by providing hands-on, virtual training through interactive digital multimedia with real-time and 3-D video and audio.

These initiatives are just some of those which the DoD is overseeing in the area of information technology and health informatics. We have budget visibility for those projects that are solely identified and are also specifically funded as a separate line item, such as the DARPA project Diagnostic Imagery at 8.77 million. However, many of these projects are funded as part of another project which is not in itself considered a Telemedicine project. Visibility of these efforts is not readily obtainable. Currently Health Affairs is developing a process by which the budgets for all the various projects regardless of funding source can be tracked. This will be a complex endeavor that will take several months to complete.

Mr. Jones: In your opinion, what type of research and what study outcomes are required to ensure that a consistent, sustainable, high quality, low cost, universally accessible health care system is provided to military active duty personnel, dependents and retiree beneficiaries, both nationally and globally?

Dr. Joseph: I believe we need continued research in several vital areas. In particular, the Department needs health services research, product line research and combat readiness research. In health services research, we need to be able to analyze the effects of major policy changes (e.g., capitation budgeting, managed care support contracts, Medicare subvention) on the cost, quality and access to care in the Military Health Services System. We need product line research to determine the best clinical practices within DoD's major health product lines, such as Obstetrics, Mental Health, Orthopedics, Primary Care. We also need research to identify the best ways to disseminate this information to our providers. Finally, we need continued emphasis on research in providing the best combat casualty care to our soldiers, sailors and airmen who are put in harm's way.

Mr. Jones: What proportion of the operational budget for military health care is devoted to combat casualty care (active duty care) versus dependent and retiree beneficiary care? What proportion of the military Medical R&D budget is devoted to projects relating to combat casualty care versus projects relating to dependent and retiree beneficiary care?

Dr. Joseph: Approximately 27 percent of the operational (O&M) budget for military health care is devoted to health care services for active duty beneficiaries. The remaining 73 percent is for health care services for dependents and retirees, and is divided between CHAMPUS/Managed Care (38%) and health care services in military treatment facilities (35%). One hundred percent of the FY97 military Medical R&D budget is devoted to warfighter needs.

Congress of the United States
House of Representatives

COMMITTEE ON
NATIONAL SECURITY
COMMITTEE ON
RESOURCES
JOINT ECONOMIC
COMMITTEE

MAC THORNBERRY
13TH DISTRICT, TEXAS

March 8, 1996

The Honorable Stephen Joseph, M.D., M.P.H.
Assistant Secretary of Defense (Health Affairs)
Department of Defense
1200 The Pentagon (3E346)
Washington, D.C. 20301-1200

Dear Secretary Joseph:

I regret that we did not have a chance to talk more about TRICARE and the Defense Department's subvention proposal at the hearing yesterday. Unfortunately, our votes and the HIV discussion interfered with the hearing.

I would like to know where we stand in getting a subvention demonstration project up and running. Are we making any progress with HCFA, and is the President committed to requiring their support?

Secondly, I submitted the attached question for the record at the hearing yesterday. But, I also wanted to get it to you directly. Some of my constituents have a proposal to provide health care for retirees, and I would appreciate receiving your thoughts on it.

Finally, as I mentioned briefly in yesterday's hearing, the health care facilities in and near Bosnia are quite impressive. If there is any way we can further help support your efforts there, please let me know.

I appreciate your continued commitment to these important issues.

Sincerely,



Mac Thornberry
Member of Congress

WMT:cs

**Additional Questions of Representative Thornberry Submitted for the Record
Hearing on TRICARE and Alternatives for Military Retirees Health Care**

**Subcommittee on Personnel
Committee on National Security**

March 7, 1996

A group of my constituents have submitted the attached proposal to solve the current retiree health care dilemma.

Please evaluate and comment on this proposal. Please include a general analysis of what implementation of such a program would cost the Department of Defense, as well as what you perceive as the strengths and weaknesses of this proposal.

The (Military) Retirees Coalition
 4320 Edgehill
 Wichita Falls, Texas 76305-2004
 (817) 855-8200

A solution to the current Retirees dilemma.

This is NOT A VETERANS AFFAIRS case. This case involves the Department of Defense, and it's predecessor, the War Department, it's Military/Naval Commanders and Armed Services Retirees, and the Services Recruiters

A card be issued to ALL CURRENT Retirees, their spouses, widows and widowers of Retirees, similar to a credit card. This card shall contain the social security number of the service member followed by a -1 for the service member and a -2 for his/her spouse. In the event BOTH are Retirees each shall hold a -1 card and no -2 card shall be issued. Widows and widowers shall hold a -2 card based on the deceased members social security number. These cards shall be used to obtain FREE medical and dental care at MTF's (Military Treatment Facilities). In the event the MTF can not treat the patient and sends the patient to a civilian care provider, DOD shall pay the bill. When the patient has insurance, his/her insurance will be billed for the cost and when his/her insurance does not cover the complete cost, DOD shall pay the balance due. Said insurance company shall be billed ONLY ONCE for the same visit under penalty of law. A -3 card maybe issued to a BONIFIDE dependent. This card shall be used to the same extent for ALL prescription drug for Retirees, their spouses and survivors. This proposal shall NOT BE MADE RETROACTIVE to a date prior to this proposals implementation date.

Eligibility. To receive a -1 card the applicant must have in his/her possession a current I.D. card (DD Form 2 (Retired)) and a copy of Retirement Special Orders, or a copy of applicants DD-214. To receive a -2 card applicant must have in his/her possession a current Uniformed Services Identification and Privileges Card (DD 1173, dtd 1 Mar' 61 or later) and a copy of the marriage license uniting the applicant and his/her sponsor. NO COMMON LAW shall be permitted. ONLY US recognized marriage certificates will be permitted. All -1, -2 and -3 cards shall be issued on a ONE TIME basis. Applicant shall be TOTALLY responsible for the card issued to him/her. In the event the card is stolen, its theft MUST be reported to DOD or its authorized representative IMMEDIATELY. ALL APPLICANTS MUST appear IN PERSON when applying for a -1, -2 or a -3 card. Applicant is required to sign a receipt for the card. Non-Retirees and those retired for

physical disability with LESS than twenty (20) years service shall be serviced by the Veterans Affairs V. A. hospitals and clinic facilities. A spouse of a physically disabled retiree with less than twenty (20) years service may apply for a -2 card. The burden of proof lies with the applicant. Card holders shall be removed from the Medicare and Medicaid roll. The age limit of 65 shall NOT apply to card holders.

At current estimates the number of Retirees, their spouses, widows and widowers of Retirees will be reduced by 1/3 in 3 to 5 years or less. In the 5 years following that period, another 1/3 will be gone from the program, ALL due to death. When a card holder dies the care provider filing the final claim shall, by law, return the card to DOD for destruction, as there will be no need to reissue the card.

ALL active duty personnel shall be placed in the Federal Employees Health Benefits Program. While on active duty they shall pay a small investment fee, approximately 25 % to 30 %, into the FEHBP while receiving free health care from MTF's and/or civilian contract health care providers. Upon retirement, the service member and his spouse shall be placed in the FEHBP at the same rate as any other civil servant of comparable pay grade. This program shall be MANDATORY for ALL active duty personnel, National Guard and Active Reserve called to active duty. In the event the service member DOES NOT COMPLETE twenty years or more of active duty service, that individual shall forfeit his/her investment in the FEHBP. Spouse participation in the FEHBP shall be optional. Upon retirement the following rates are suggested based on the current 1995 pay grades. (This option may be made mandatory in pay grades E-1, -2 and -3). E-1, - 2, and - 3 to pay \$30.00 per quarter; E-5 and 6, to pay \$34.00 per quarter. E-7 and 8 to pay \$38.00 and E-9 to pay \$40.00 per quarter. Pay grade O-1 and O-2 to pay \$35.00 per quarter. Pay grade O-3 and O-4, with less than four (4) years service, to pay \$39.00 and, over four (4) years service, to pay \$44.00 per quarter. Pay grade O-5 and O-6 to pay \$49.00 per quarter. Pay grade O-7 and O-8 shall pay \$60.00 per quarter and O-9 and O-10 shall pay \$75.00 per quarter. Rates of pay shall be adjusted in regard to pay grade and income at time of retirement.

This proposal will satisfy the promise made to CURRENT Retirees and provide a satisfactory program for the future Retirees and their families. Under this plan recruiters shall tell the truth to prospective enlistees and improve their public image considerably. It will ALSO be of great benefit to the Federal Government in general and improve the citizens, both military and non-military, regard for politicians and other government officials. This proposal MAY eliminate the possibility of DOD facing a discriminatory and fraud lawsuit.

The (Military) Retirees Coalition DOESN'T want RHETORIC, we want POSITIVE ACTION we can SEE and FEEL! What is done with bills in Congress will determine your credibility with us.



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

APR 01 1996

Honorable Mac Thornberry
House of Representatives
Washington, DC 20515-0506

Dear Representative Thornberry:

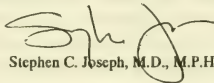
Thank you for your letter of March 8, 1996, regarding TRICARE and the Defense Department's Medicare subvention proposal. I, too, regret that we did not have more time to discuss these subjects during the hearing on March 7, 1996.

I believe we are making significant progress in getting a Medicare subvention demonstration project established. We are working very closely with the Health Care Financing Administration to establish the parameters of a demonstration. Our two agencies, along with the Office of Management and Budget, have drafted language that would authorize a demonstration. It is my intent that we can begin this as of October 1996 in TRICARE Regions 6, 11 and Alaska. I have enclosed an information paper that more fully outlines the concept of the demonstration (Tab A).

I have also enclosed my response to your question for the record (Tab B). I do not believe the major elements of the proposal submitted by your constituents are feasible within our current legislative and fiscal constraints. There are, however, some elements of their proposal in which we have a common ground. While I completely understand their concerns about access to quality medical care, I believe TRICARE, with the addition of Medicare subvention, will provide a seamless and secure health care benefit to all of our beneficiaries.

Thank you again for your letter. I was especially pleased by your comments about our health care facilities in the Bosnian theater. The ability to provide support to our deployed forces is the very foundation upon which our Military Health Services System is built. Your continued support is vital to its existence.

Sincerely,



Stephen C. Joseph, M.D., M.P.H.

Enclosures:
As Stated

MEDICARE DEMONSTRATION: MILITARY MANAGED CARE DEMONSTRATION

The Department of Defense (DoD) has proposed to the Health Care Financing Administration (HCFA), Department of Health and Human Services (DHHS), a demonstration where the Medicare program would treat the DoD and its Military Health Services System (MHSS) as a risk-type health maintenance organization (HMO) for dual-eligible Medicare/DoD beneficiaries. Under this arrangement, the DoD could continue to maintain its current level of effort in terms of financial commitment to caring for the dual eligible population. Medicare could pay for dual-eligibles receiving care from the DoD managed care program above DoD's current level of effort.

The Health Care Financing Administration (HCFA) and Department of Defense (DoD) are currently working through the agreement necessary for the Military Managed Care Demonstration. As one step in this process, the two agencies, working with the Office of Management and Budget, are drafting legislative language that would authorize such a demonstration. HCFA and DoD are jointly examining issues to establish the demonstration's feasibility. This involves analysis of DoD and HCFA data to assure that this demonstration does not increase the total federal cost of both programs. Both Departments are working with OMB to assure that the demonstration is of mutual benefit to both agencies, as well as the beneficiary populations served.

The Military Managed Care Demonstration is intended to respond to Medicare/DoD dual-eligible beneficiaries who have asked that they be more able to use the Military Health Services System as their Medicare provider. In order to overcome concerns with previous legislative and demonstration proposals, the current demonstration proposal differs in that DoD agrees to maintain its level of effort. Further, to address a concern over budget rules, the demonstration is considering expending DoD's dollars for dual-eligible beneficiaries' first and then turning to HCFA to cover additional DoD/Medicare beneficiaries wanting to enroll in DoD's TRICARE Prime.

The goal of this effort is to improve access to needed health services for this dual-eligible population while assuring that the demonstration does not increase the total federal cost of both programs. DoD has proposed the following framework.

- MHSS enrolls Medicare dual-eligible beneficiaries and maintains level of effort (subject to appropriate reductions due to reduced budget for the Defense Health Program) for dual-eligible beneficiaries.
- Medicare authorizes the MHSS to enroll, provide health services, and be reimbursed (after level of effort is achieved) for dual-eligible beneficiaries (who enroll in TRICARE Prime) similar to a Medicare private HMO.
- MHSS and Medicare appropriately share the financial burden for these dual-eligible beneficiaries. All DoD covered services not covered by Medicare are covered by DoD. Similarly, all Medicare covered services not covered by DoD are covered by Medicare.
- DHHS and DoD will develop an appropriate payment system and approaches to quality assurance that are mutually agreeable.
- The demonstration would be for a limited period of time (e.g. three years) covering selected geographic areas.
- The demonstration would be evaluated by a mutually acceptable evaluator.

Additional Questions of Representative Thornberry Submitted for the Record
Hearing on TRICARE and Alternatives for Military Retirees Health Care

Subcommittee on Military Personnel
House Committee on National Security

March 7, 1996

QUESTION.

A group of my constituents have submitted the attached proposal to solve the current retiree health care dilemma. Please evaluate and comment on this proposal. Please include a general analysis of what implementation of such a program would cost the Department of Defense, as well as what you perceive as the strengths and weaknesses of this proposal.

ANSWER.

The proposal by The Military Retirees Coalition of Wichita Falls, Texas, contains two principal elements. The first is the provision of totally free health care, either in military or civilian health care facilities for all current retirees, spouses, widows and widowers of retirees. The second major element of the proposal is to mandate that all current active duty members and their families, and thus all future retirees and their family members, be placed in the Federal Employees Health Benefits Program (FEHBP). The proposal states that active duty members would pay a small investment fee, approximately 25% to 30%, into the FEHBP. When these members retire, they would then be placed in the FEHBP at the same rate as any other civil servant of comparable pay grade. However, the proposal also suggests quarterly premiums based on the retired members pay grade.

The first element of the proposal, the provision of free lifetime care to all current retirees and their family members, would require statutory change and would result in much higher costs to the Department of Defense. Legally, only active duty members are guaranteed under law to receive free comprehensive medical and dental care.

Health care in military treatment facilities (MTFs) for active duty dependents and retirees and their family members has always been on a space-available basis. In 1956, when it was recognized that the military medical system's capacity was too small to offer sufficient space-available care, Congress enacted legislation authorizing private sources to supplement the in-house capacity for active duty dependents. This program evolved into the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). While CHAMPUS is cost-shared, the Government pays the greater part of the costs. In 1965, Medicare legislation provided a cost-shared medical insurance program for retired members 65 years of age and older. One year later, in 1966, Congress added to the CHAMPUS program those military retirees that were too young to enter the Medicare system.

Implementing the Military Retiree Coalition's proposal would require statutory changes to allow the Department to provide totally free care without the CHAMPUS copayments required by law. Additionally, there is no legislative authority to provide free civilian care to that segment of our population that is not CHAMPUS eligible, i.e., Medicare eligible military beneficiaries. Not addressed in the Military Retirees Coalition proposal is whether they would expect to continue to pay into the Medicare trust fund as they have throughout their lives. We do concur with the element of the proposal that recommends billing a patient's private insurance policy for care provided in civilian facilities. In fact, we do that now as part of our third party collection program for care provided both in MTFs and in civilian facilities.

While it is difficult to estimate the exact cost impact for this proposal, clearly it would result in significantly higher costs to the Department. While the amount of the CHAMPUS copayments made by current military retirees might be possible to estimate, it would be extremely difficult for the Department to estimate the cost of free civilian health care for that segment of our current retiree population that is now paid by Medicare. Since CHAMPUS eligible military retirees pay approximately 25% of the CHAMPUS allowable charges for their care from civilian providers, we could expect that portion of our CHAMPUS bill to climb proportionately. For those whose primary source of civilian medical care is paid by Medicare, we would expect even larger cost increases to the Department. We currently have over 1 million military beneficiaries who are over the age of 65 and that element of our retiree population is continuing to grow. We do not foresee the dramatic decrease in the number of current retirees and their family members that the proposal assumes. We would also be concerned about military retirees who do not currently use our system, either MTFs or CHAMPUS. Such individuals, given the choice of free health care at DoD expense, might be inclined to drop any private insurance they may have in favor of free care. This would also cause the Department's costs to increase.

The second element of the proposal, the placing of the current active duty force and their families into the Federal Employee Health Benefits Program has been discussed in many circles. As I indicated in my prepared statement for the Committee, we are currently evaluating the feasibility of offering voluntary participation in the FEHBP as a fourth option to the TRICARE Program as part of the update to the original 733 Study. While it is still too early for the final results, it is clear that the proposal submitted by your constituents would require legislation to allow military members and their families to participate in the FEHBP. Allowing military members, their families, and retirees and their family members to participate in the FEHBP was the subject of a Congressional Budget Office (CBO) study last year. The results of the CBO study indicated that if the Department of Defense were to contribute more to the average premium than the current level for Federal civilian employees, which is 72%, that the cost to the Department would cost more than it does to operate the current Military Health Services System.

The proposal by the Wichita Falls Military Retiree Coalition indicates varying levels of premium contribution in the FEHBP for active duty and retired members. Their proposal indicates that while on active duty, members "shall pay a small investment fee, approximately 25%

to 30%, into the FEHBP while receiving free health care from MTFs and/or civilian contract health care providers." Since the FEHBP is a premium-based health care program, those participating in it would not be eligible to use their CHAMPUS or MTF benefits. By participating in the program they would be electing that as their principal source of health care. Since the proposal is to put all active duty members, their families, and all future retirees into the FEHBP, this would likely result in a dramatic, if not total, reduction in MTFs. This would exacerbate the predicament of current retirees who would then be forced even more to use civilian facilities, thus further increasing the Department's costs.

I am also concerned about the uneven benefits and the out-of-pocket costs of the FEHBP. With over 300 plans available nationally, our beneficiaries would not have a uniform benefit, but rather would get benefits based upon the individual plan they selected. Their out-of-pocket costs would also vary based on the plan selected. For typical FEHBP HMO-type plans, the expected annual costs for a family, including the costs of premiums (at the Federal civilian nonpostal contribution rate) and out-of-pocket expenses, are estimated at \$1,480 to \$1,890 by the Washington Consumer Checkbook in their Checkbook's Guide to 1996 Health Insurance Plans for Federal Employees. The estimates for the average family out-of-pocket costs under the TRICARE Prime Uniform HMO Benefit, including the effects of access to MTFs, are \$110 for families of active duty members E-4 and below, \$160 for families of active duty members E-5 and above, and \$800 for families of retirees and survivors.

The out-of-pocket costs vary even more when comparing TRICARE Extra (the Preferred Provider Option) and TRICARE Standard (the fee-for-service) option with the Blue Cross/Blue Shield Standard option, a nationally-available fee-for-service plan under FEHBP. In developing the TRICARE Prime Uniform HMO Benefit option, the Department arrived at an estimate for TRICARE Standard of \$380 per active duty family and \$900 per retiree or survivor family, including the effects of access to military MTFs. In Checkbook's Guide to 1996 Health Insurance Plans for Federal Employees, the estimated annual expense for a family of three is \$2,640 standard and \$4,930 high option (at the Federal civilian nonpostal contribution rate).

I also believe the adoption of the Wichita Falls Military Retiree Coalition proposal would cause serious concerns for our folks who deal with personnel and compensation as well as force readiness issues. By establishing dramatically different systems for current versus future retirees, I would expect that a large number of current retirement eligible active duty members would seek to retire prior to enactment of such a proposal. In addition, the imposition of much higher cost sharing on future retirees, particularly those who have committed many years of faithful service yet are not quite retirement eligible, would no doubt be seen as a serious erosion of current benefits. Last, any proposal that places the majority of our health care delivery capability in the civilian sector would likely degrade our capability to provide medical support to deployed forces.

For all of these reasons, it is my belief that TRICARE, with the addition of Medicare subvention, offers the greatest hope for all of our beneficiaries. TRICARE offers a stable, secure benefit that offers the lowest average out-of-pocket cost that can be obtained within the

constraints of our financial resources and existing legislative direction to maintain the Department's total health care costs. I remain extremely concerned about our population that is Medicare-eligible and I assure you that Medicare subvention is absolutely essential to allowing full participation in TRICARE to that segment of our population. —

Thank you for the opportunity to comment on this proposal.



THE SURGEON GENERAL OF THE NAVY

21 March 1996

Dear Mr. Chairman,

As requested by your letter of February 29, 1996, I am forwarding my posture statement for inclusion in the Military Personnel Subcommittee's record.

Thank you for the opportunity to appear before your subcommittee on the 7th of March and to provide my statement on the state of Navy Medicine for inclusion in the Congressional Record.

Sincerely,

HAROLD M. KOENIG
Vice Admiral, Medical Corps
United States Navy

The Honorable Robert K. Dornan
Chairman, Subcommittee on Military Personnel
Committee on National Security
United States House of Representatives
Washington, DC 20515

Enclosure

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE
NATIONAL SECURITY
COMMITTEE

POSTURE STATEMENT OF
VICE ADMIRAL HAROLD M. KOENIG, MEDICAL CORPS
SURGEON GENERAL
UNITED STATES NAVY
FOR THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE NATIONAL SECURITY COMMITTEE

NOT FOR PUBLICATION
UNTIL RELEASED BY
THE HOUSE
NATIONAL SECURITY
COMMITTEE

INTRODUCTION

Mr. Chairman, thank you for the privilege of testifying today on the vision and goals of Navy Medicine. I am proud to be at the helm of the Navy Medical Department as we implement the unprecedented changes required to restructure our force and meet the fast-approaching challenges of the 21st century. Navy Medicine's strategic plan, entitled "Journey to Excellence: Meeting the Challenges of the Future", will serve as Navy Medicine's guide as we re-engineer to improve every facet of our organization. To respond to today's environment of change, I have directed the Navy Medical Department to focus on five overarching priorities that pervade every area of our responsibilities: (1) **READINESS**, (2) **PEOPLE**, (3) **TECHNOLOGY**, (4) **STEWARDSHIP**, and (5) the **HEALTH BENEFIT**. I will address each in turn, but first I would like to tell you and the Committee about the medical department on board the USS GEORGE WASHINGTON (CVN 73), where tomorrow's vision is quickly becoming today's reality.

The USS GEORGE WASHINGTON is exploiting emerging communication and diagnostic technologies in the shipboard environment in ways we have never done before. Picture, if you will, a typical morning in "sick bay". A 35 year old chief petty officer reports with moderately severe abdominal pain which mimics several potentially catastrophic diagnoses. Using Tele-Ultrasound, the attending physician is able to transmit real-time ultrasound video back to a radiologist at the Naval Medical Center (NMC), Portsmouth, VA, several hundred miles to the west. NMC Portsmouth confirms a diagnosis of acute cholecystitis. The patient can be treated conservatively for a time with antibiotics, fluids, and rest, avoiding a surgical procedure or a costly, mission-degrading medical evacuation.

A short time later, a call comes in from the Independent Duty Corpsman (IDC) on the USS BARRY, part of the USS GEORGE WASHINGTON's battle group. He needs to consult with the carrier's Senior Medical Officer about a patient with a leg infection. Using Tele-Consult, the IDC transmits full color images of the patient's leg to the USS GEORGE WASHINGTON. The technology allows the physician to "see" the patient. A diagnosis of cellulitis is made and a treatment plan is discussed. The IDC informs his Commanding Officer that the case is manageable at the present time and he will continue to monitor his patient with the Senior Medical Officer's assistance. Later in the day, the IDC again uses Tele-Consult, this time for a previously scheduled routine training session on the treatment of eye injuries.

Back on the USS GEORGE WASHINGTON, the X-ray Department has had a very busy morning, seeing a sailor with a suspected fracture and several others with various respiratory ailments. The staff is using Computed Radiology, a filmless system which produces images in 20 seconds, and allows the physician to digitally enhance the image for clarification. The resulting images can be transmitted to one of the Navy's teaching hospitals for immediate or routine review by a radiologist, as appropriate to the situation. Tremendous cost savings are made in time, reduced rework, and avoidance of hazardous chemical disposal and silver recovery - all part of the more traditional X-ray procedures. Most importantly, Sailors and Marines are returned to their worksites quicker, ready to resume their role in the ship's operation.

Later in the day, a Sailor with a severely injured finger is brought to sickbay by her co-workers. The carrier's surgeon uses the Tele-Consult technology to seek advice from an orthopedic surgeon at NMC Portsmouth on the possibility of saving the finger. The orthopedist guides the resulting

surgical procedure to minimize the loss of function and save as much of the finger as possible. Instead of sending the patient to the specialist, the expertise of the specialist has been brought to the patient.

Throughout the day, the Composite Health Care System (CHCS) assists the medical staff in tracking medical specimens, bar coded patient records, immunizations and other preventive measures for the thousands of Sailors and Marines aboard the ship. During a brief lull in patient activity, the Senior Medical Officer accesses the Internet to keep in touch with his homeport military treatment facility and to report interesting cases to the teaching staff there.

As you can clearly see, the USS GEORGE WASHINGTON is an excellent example of leveraging technology, improving health services to our Sailors and Marines, making efficient use of limited resources, and keeping primary focus on Navy Medicine's reason for existence, the readiness of the nation's military forces. The men and women of Navy Medicine, whether serving at sea, with the Fleet Marine Force, or in a hospital or clinic setting, have never been more committed to excellence. Readiness has been and will continue to be the focus of all our efforts, our "True North".

READINESS

Readiness means keeping our Sailors and Marines healthy and on their jobs. The best support we can give to the military operational commanders is the speedy return of their people to their units. This means delivering health care as close as possible to where our Sailors and Marines are working, "at the deckplate", using the appropriate mix of providers and technology. Patients should not be moved through echelons of care unless absolutely necessary to get them well. Every time this happens unnecessarily, it drives

up costs and takes Sailors and Marines away from their workplace and potentially degrades their units' mission effectiveness. In the future, our providers--not just physicians, but also other highly trained providers such as nurse practitioners, physician assistants, and independent duty corpsmen--will be delivering the health care benefit in clinics and with the operating forces directly. Our Hospital Corpsmen are the cornerstone of the Navy health care system. They will be the first point of contact for our Sailors and Marines who need medical care.

A prime example of taking care to the deckplates is occurring at the Naval Academy where Navy hospital corpsmen are now assigned to every battalion to hold sickcall for the Midshipmen every morning in Bancroft Hall, before classes begin. Over 90 percent of the Midshipmen's health care needs are taken care of by the Corpsmen. Only those Midshipmen that absolutely need to take time out of their academic day to visit a provider at the Naval Medical Clinic Annapolis have to do so. This reduces clinic waiting time for others and keeps Midshipmen doing what they are at the Naval Academy for, learning to be good Navy and Marine Corps officers. This approach to health care delivery at the deck plates has been so successful that we have exported it to our enlisted accession points at Parris Island, San Diego and Great Lakes. We are teaching our future Sailors and Marines that our Hospital Corpsmen are their point of entry into our health care system. All are learning that corpsmen are truly the cornerstone of the Navy Medical care team. Recently, one Hospital Corpsman at Marine Corps Recruit Depot, San Diego, told me that he was so excited about being a "real corpsman" that he couldn't sleep at night. This tells me we are moving in the right direction.

Dental care is now being provided pierside to our Sailors at many of our bases from specially equipped vans. We are making use of a mobile van

outfitted with optical fabrication equipment to make glasses directly at the customers' worksite. We have also developed a Mobile Hearing Conservation Audiometric Truck, or "MOHCAT" for short, that can drive up to a pier or hanger and provide hearing tests for about 80 patients a day. In every case, we want to minimize the time the service member is away from his or her unit, thus maximizing availability for their readiness roles.

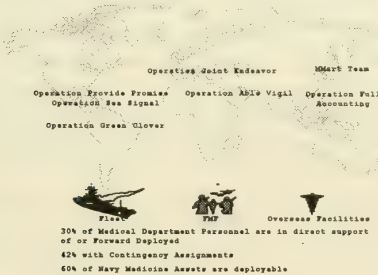
Navy Dentistry's principal focus is operational readiness of our active duty personnel. They use a measurable system to assess readiness and a prioritized, team approach to maintain or achieve optimum levels. Their managed care program, which begins in boot camp, is called Phased Dentistry and ensures the first priority for care is given to personnel with potential mission compromising conditions. This very successful approach to care, along with an aggressive recall program, has enabled Navy Dentistry to satisfy the dental readiness requirements of the operational forces and be recognized as a leader in the commitment to overall readiness.

The Navy Nurse Corps is also actively engaged in pursuing operational readiness. In cooperation with the Army and Air Force, military nurses have developed tri-service operational readiness training courses. Naval Hospitals Guam and Sigonella have hosted Trauma Nursing Core Courses for tri-service participants in the Far East and European theaters. Our Nursing Research studies, benefiting from a number of years of strong Congressional support, are also aimed at improving readiness with research topics ranging from techniques in wound healing to women's health issues at sea.

We can't think of readiness and resources without thinking of our Reserves. Readiness training for Navy Medical Reservists and the health readiness status of the entire Naval Reserve Force are top priorities. When

our fleet hospitals deployed to Zagreb and Guantanamo Bay, our reservists were there. Reservists proved their value as part of the Navy medical team when they backfilled at our stateside hospitals after our active duty medical personnel were deployed to Cuba. Continuing the tradition of superb service to the fleet, reserve Dental support proved to be a significant factor in reducing access time for family member dental care at Yokosuka, Japan, from six months to one month while maintaining operational readiness requirements of the active duty forces.

In 1995, the Navy/Marine Corps team responded to numerous contingency operations around the world. In each case, Navy Medicine played a key supportive role. From the Caribbean to Bosnia, Navy Medicine provided health services and comfort to further U.S. national interests. We supported our Sailors and Marines in Operation Provide Promise, Operation Full Accounting, Operations Able Vigil and Sea Signal, Operation Joint Endeavor, and Operation Green Clover. Our Navy Mobile Medical Augmentation Readiness Teams (MMART) also participated in numerous exercises and operations other than war scenarios.



Readiness for the Navy Medical Department means having the right people, with the right training and the right equipment, in the right place at the right time. During the past two years, Navy Medical Service Corps officers have developed a planning tool, the Total Health Care Support Readiness Requirement (THCSRR), to calculate the minimum manpower resources required to deliver high-quality health care to the operational forces of the Fleet and Fleet Marine Forces. In addition, the THCSRR has a sustainment component to provide for a continuous flow of qualified personnel into the operational forces and overseas activities as people attrite either from the Navy or from their current skill level and move to a higher skill level. In the past year, Reserve requirements have also been integrated into the THCSRR to provide a total force picture of our manpower needs.

The THCSRR addresses the pressures for restructuring our medical force as a data-driven model that meets both parts of the readiness mission: (1) our wartime requirements to support two nearly simultaneous major regional conflicts (MRCs), and (2) the day-to-day operational health care requirement in support of deployed Department of the Navy units, overseas and isolated US medical and dental treatment facilities, and the necessary training and rotation base. Our efforts have been so well received by the medical planners within DoD, that the Army, and Air Force are developing their own versions of the THCSRR model. I am convinced that implementation of THCSRR is the best solution to balancing wartime, readiness, and contingency requirements, with providing health care as a benefit-of-employment to our Sailors, Marines, their families, survivors and retirees and their families.

PEOPLE

The Navy Medical Department views our people as our most important resource. The combined efforts of our active duty members, their Reserve counterparts, and our superb civilian employees have created a medical system that we feel is the best in the nation.

My goal is to stimulate and enable each and every individual in Navy Medicine to reach his or her full potential by providing the very best opportunities for professional and personal growth. Navy Medicine's ability to meet our readiness and peacetime health care missions in the 21st century rests on two broad principles: (1) we will retain the best of the people we recruit, and (2) the best people will want to remain a part of Navy Medicine because of the challenge, training, professionalism, and overall environment Navy Medicine fosters.

One of our most important strategies in caring for our people is to provide them with training for their day-to-day jobs, their operational roles, and their professional development. We are committed to pursuing all avenues that stimulate and enable every member of our department to reach their full potential for professional and personal growth. The 7,600 hospital corpsmen and dental technicians engaged in nationally accredited training programs during FY 95 are proof of our commitment.

Our graduate medical education (GME) programs are also an essential element of the Military Health Services System. In consonance with overall restructuring of personnel assets, we have affected a cumulative reduction of 94 GME training billets over the next four years by decreasing or eliminating billets in some training programs where we feel we were training in excess of the requirement or other resources were available to us at much lower cost. The third annual Joint Service GME Selection Board, convened in November 1995,

completely filled all 27 Navy-specific training programs and selected its first classes of tri-service trainees for ten newly integrated joint service programs.

As we restructure our training requirements and practices, we are looking at ways to better utilize our residency trained physicians. One of the areas that we are looking into is the use of General Medical Officers (GMOs) on our larger ships, such as large deck amphibious ships (LHAs and LHDs) and command and control ships (LCCs). With the practice of medicine becoming more complex, we realize the need to transition from GMOs to residency trained physicians on these platforms. Assigning physicians trained in pediatrics, family practice, internal medicine and emergency medicine will enhance significantly the medical capabilities on these larger ships.

We continually monitor and refine recruitment and retention incentives to attract and retain the best qualified health care professionals. Some specialties, including obstetricians/gynecologists, family practice, orthopedists, physicians assistants, nurse anesthetists, nurse practitioners, nurse midwives, and primary care dental officers, remain areas of concern. Prior Congressional support for the effective use of Navy Reserve Officers' Training Corps (NROTC) Scholarship Programs to acquire nurse corps officers has been extremely helpful. This program remains the single most important source of new accessions for the Navy Nurse Corps.

In an effort to attract and retain quality dentists, the student marketplace is being targeted with increased numbers of health professions scholarships which would eliminate the substantial educational debt faced by dental students. It is anticipated the scholarship program should help to balance and stabilize Navy Dentistry's force structure by FY 02. We must

continue to allocate scholarship dollars from the Defense Health Program (DHP) and Reserve Personnel, Navy (RPN) accounts to recruit and retain quality dental officers.

Navy Medicine fully recognizes that health and medical services are important contributors to Quality of Life for service members and their families. Navy Medicine's contribution to improving the quality of life of Marines, Sailors, and their families rests primarily on providing access to health care and on helping them achieve a healthy lifestyle. We are committed to providing our active duty members and their families with preventive medical and dental services. Our goal is to seamlessly integrate disease prevention and health promotion into all aspects of our health care system. In addition, the Navy Medical Department remains committed to supporting critical programs that enhance the quality of life for our service members and their families, such as drop off child care availability for parents when they need care at our medical facilities, improving our Alcohol Rehabilitation Program, moving it rapidly toward a true continuum of care, the Family Advocacy Program, the Exceptional Family Member Program, and the four Zachary and Elizabeth Fisher Houses operated at Naval Medical Centers.

Of course, the utilization of our people is enhanced with good manpower planning tools. The Navy Dental Corps is using a rational, total force manpower management decision support system to assist with managing peacetime active duty and civilian dental manpower. By using a customized database, the Dental Corps developed a formal method to collect ideas from numerous professional sources and process that information with command requirement data to formulate global and local manpower planning. Because of Navy Dentistry personnel constraints, the Dental Manpower System (DMS) is an essential tool used for planning. The DMS provides guidance for personnel

assignment by prioritizing community authorizations and simulating various scenarios to determine shifts in distribution patterns.

TECHNOLOGY

Navy Medicine continues to implement advanced technologies through research endeavors that benefit and enhance the readiness and capabilities of Naval and Marine Corps operational forces. Our technology program is strongly focused on our defined mission requirements for operational medicine, safety, casualty care, and health care at the deckplates. Our research staff is constantly in touch with our customers and users across the Navy and Marine Corps operational spectrum to ensure that rapidly developing new equipment, procedures, and techniques are expeditiously and effectively included in warfighting and medical support capabilities. Foremost in these endeavors is the adoption and development of standardized hardware and software architecture that will enable transmission of information to any site where Navy Medicine provides care and to ensure that our system is compatible with other DoD systems.

Navy Medicine continues to explore the utilization of telemedicine, digital communications, advanced computer-based medical expert systems, and unique biomedical care and treatment approaches that bring information and care capabilities to our various platforms. Future medical support capabilities will not rely on large, fixed theater hospitals and massive logistical support, but will be based on preventive medicine interventions, safety, medical informatics, health sustainment, and advanced casualty care concepts. These new interventions and concepts are transforming traditional doctrines for platform and theater medical training, support, and casualty care. In the future, medical personnel will be trained in virtual operational environments, and safety and preventive medicine concepts that will

continuously enhance health maintenance. Advanced techniques for resuscitation and life sustainment will permit casualty stabilization with minimal medical support and evacuation of casualties to CONUS facilities for definitive care.

Navy biomedical research and development programs that impact warfighting operational platforms, as well as medical support capabilities, continue to demonstrate outstanding progress towards enhancing medical care, safety, and performance for our forces. Our research and development programs cover a broad range of topics in support of operational requirements, including use of telemedicine, health promotion assessments, occupational/operational toxicology, Defense Women's Health issues, and Gulf War Syndrome. These programs are innovative and will have dramatic impact on our readiness and mission capabilities.

Other programs having both strong Navy relevance and civilian application, such as Marrow Donor and Breast Cancer research, are also making a difference to our Sailors, Marines, and their families. In 1985, the Navy was selected to establish a National Bone Marrow Transplant Registry based on its recognized expertise in bone marrow transplantation research. Today the DoD C.W. Young Marrow Donor Recruitment and Research Program serves as the coordinating link for the National Marrow Donor Program, over 100 donor centers, approximately 80 hospital based transplant centers, 20 typing laboratories, and participating international marrow donor registries. The Breast Care Center at National Naval Medical Center, Bethesda, a breast cancer center of excellence, was recently opened. Its primary role is to train medical personnel in specialized methods of early detection and treatment of breast cancer. The center will produce a significant increase in patient access to services, including breast examination, mammography screening,

education, and psychosocial support. My goal is to link this center for excellence with the leading centers of breast cancer research in the U.S.

We anticipate that through re-engineering and the application of new technologies, we will find the greatest opportunities for improvement. The innovative application of a broad variety of available information technologies plays a major role in this re-engineering. The Naval Medical Information Management Center (NMIMC) is leading the way in the application of information technology, most notably with the Composite Health Care System (CHCS). The deployment of CHCS has, for the Navy, increased customer service to our beneficiaries who receive medical care in our Naval hospitals and clinics. The Navy is the executive agent for CHCS and is overseeing the implementation and operation of the system for all military services. Installation of CHCS is nearing completion in all military medical facilities in the United States and Europe and ultimately will have more than 50,000 users, including the fleet. CHCS is also being installed in a number of our dental clinics worldwide, especially in areas where military medical and dental facilities are co-located, or are in close proximity.

As I mentioned previously, CHCS is already up and running on the USS GEORGE WASHINGTON and we plan to incorporate CHCS, along with our telemedicine technology, into large deck amphibious landing ships in the near future. We are also making a concerted effort to increase pierside CHCS connectivity to improve our ability to deliver care at the deckplates and keep Sailors and Marines at work. Our shipboard physicians and corpsman are clamoring for this support.

Although CHCS deployment is nearly completed, our progress in proliferating CHCS is matched by the challenges ahead as we need to move from

today's system to the system of tomorrow, incorporating the new technologies which will provide telemedicine and computer based patient record capability worldwide. We are anticipating that this program, called CHCS II, will be funded in FY 98 and installed by the FY 00.

New technology has enabled us to deliver medical support, specialty care and training to remote regions of the globe and to the ships at sea. We are conducting technology-training in homeports and aboard ships and stations instead of in the formal classroom and are extensively using teleconferencing to reduce travel and per diem costs as well as time away from the job. As the infrastructure for electronic communication throughout the Navy becomes available, we are making increasing use of teletraining technology to provide live interactive training to Medical Department and other Navy personnel at their job sites.

Significant advances have been made in the development of performance indicators and data driven decision making processes. The Dental Corps' information system, DENMIS, when fully operational, will allow the tracking of patient treatment needs. Managerial decisions will be made on the basis of actual unmet treatment requirements rather than relying on historical workload data. At the clinical level, DENMIS provides real-time patient needs data that can be used to schedule local resources and better manage the treatment of patients. The system will also permit dental readiness data of units and catchment areas to be monitored at all levels of management.

Lastly, we are also focusing attention on the development and deployment of digital management information systems. Navy Medicine is the Executive Agent (EA) for the Defense Dental Standard System (DDSS), a system designed to bring information automation to the provider level, including computerized

patient records (CPR), electronic scheduling, and digital imaging technologies. Nurses at Naval Medical Center, Portsmouth, VA, are involved in the DoD prototype testing of the Ambulatory Data System (ADS), a forms-based data collection tool. ADS captures pertinent data about health care encounters which can be analyzed and used in clinic management, billing third-party payers, in managing care of various populations, and in comparing outcomes of care with that of non-military CHAMPUS providers.

STEWARDSHIP

As Surgeon General of the Navy, stewardship is always a major consideration as we allocate resources, re-engineer and rightsize our medical department. Central to this perspective is the premise of constant evaluation and continual improvement in the provision of health care. Whether we are examining causes for long wait times at the records office or reasons for unplanned returns to the operating room, the use of quantitative, industrial engineering methods to evaluate our systems of care helps us facilitate managerial decision making and allow us to care for our beneficiaries in a more efficient, cost effective manner. Our focus is on the organization and alignment of our resources. Our challenge is to redesign the processes we use in delivering health care so that we achieve the optimal patient care system, while consuming the least amount of resources. We utilize data driven control systems to confirm that our plans are consistently executed.

At Naval Hospital Camp Lejeune and the National Naval Medical Center in Bethesda, we are piloting the application of commercial, provider-specific, productivity-driven clinical pathways. These pathways are based on the practices currently conducted by the hospital that are shown through analysis to be most effective and efficient. In so doing, the hospital will be left with a set of proven pathways that are critical to their core business, as

well as having developed experience in the process of pathway development. Once this process has been perfected we intend to spread it across all of Navy Medicine.

At Naval Hospital Millington we are developing a template to help our facilities identify critical success factors for re-engineering initiatives. This project explores business practice issues that include patient population demographics, the principal areas of care provided both to inpatients and ambulatory patients, the significant factors contributing to the consumption of ancillary services, the facility's readiness status as well as progress in defining critical success factors and in measuring accomplishment of those factors. This approach will also help identify obstacles the system has in place so that we can take actions to remove them.

To date we have reduced headquarters ceiling and infrastructure, and combined training policy and management under a single Bureau of Medicine and Surgery Assistant Chief. Additionally, we have consolidated responsibility for operational readiness training, empowerment of schools, and consolidation of training at areas of Fleet concentrations. In September 1995, we dis-established the Naval Health Sciences Education and Training Command and consolidated technical training at Fleet concentration areas in Portsmouth, VA and San Diego, CA. We will proceed with further infrastructure reduction by consolidating our basic Hospital Corpsman technician schools at Hospital Corps School, Great Lakes, IL.

The Navy continues to serve as the permanent chair of the Health Care Committee (HCC) of the Interservice Training Review Organization (ITRO). Working in close cooperation with the Office of the Assistant Secretary of Defense, Health Affairs, the three services are examining every possibility

for consolidating programs. Some major efforts are underway that will promote interoperability of personnel, save resources through consolidation, and maintain the capability of meeting service-specific requirements. The ITRO is determining if tri-service consolidation of advanced technical schools is feasible and cost effective. Currently, twenty Navy technician schools are bi- or tri-service consolidated, eight officer and enlisted training programs have been approved for tri-service consolidation, and 16 other officer and enlisted programs are under further review for possible consolidation.

For the past several years, resource sharing has been an essential element of Navy Medicine's stewardship responsibility. Since 1982, we have actively worked with the Veteran's Administration to achieve joint efficiencies. VA/DoD sharing efforts include cooperation in day-to-day operations, contingency operations, worldwide fixed and deployable medical treatment facilities, humanitarian missions, and joint armed forces scenarios, as well as research and educational centers. Interservice cooperation is also being enhanced through the Lead Agent structure as part of TRICARE implementation, the DoD mail order pharmacy program, the Pharmacoeconomic Center and Tri-service Formally, the Armed Services Blood Program, interactive telemedicine and field capability, and other medical research initiatives. Logistic planning and execution is also high on our list of management improvements. In 1995, the first logistics fellowship program was established by the Director, Medical Service Corps and the Surgeon General's Specialty Leader for Materiel Logistics. The twelve month program emphasizes evolving business practices, such as technology integration, facility design innovations, and health care contracting, and will guarantee capable people are operating our facilities on the edge of emerging business concepts.

Building on our successes with the Prime Vendor program in our stateside and overseas medical facilities, the medical components of the Marine Corps have recently implemented a pharmacy Prime Vendor contract at Camp Lejeune, NC. The Prime Vendor program is also being expanded to the Blunt Island Command in Jacksonville, FL as part of the Maritime Propositioned Force (MPF) operation. The program is also well on it's way to being implemented to support the Marines at Camp Pendleton, CA. The Prime Vendor program is an example of "over the horizon" logistics planning and is part of the strategic goals and plans of the Navy Medical Logistics Strategic Plan.

HEALTH BENEFIT

Rapidly rising health care costs and the closure of military bases, along with their hospitals, require that we look for new ways to provide our health benefit. As you are certainly aware, TRICARE is the Department of Defense response to these challenges.

TRICARE is structured around four management strategies designed to provide Medical Treatment Facility (MTF) commanders the tools, authority and flexibility to better manage the delivery of health care to their beneficiaries. These strategies are:

- (1) division of the Military Health Services System (MHSS) into 12 health services regions;
- (2) development of standard managed care options;
- (3) transition to capitation-based resource allocation; and
- (4) transition to fixed-priced managed care support contracts.

Within the constructs of TRICARE, my goal for Navy Medicine is to establish a vertically integrated health care system that meets the needs and

expectations of our customers, so they get the care they need to maintain or restore health at the most appropriate level of care, based on the principles and techniques of managed care. I am confident that the TRICARE program will provide a health benefit that improves beneficiary access, assures high-quality health services, preserves choice for all non-active duty participants, and contains overall health care costs.

The main challenge most of our beneficiaries will face as they first encounter TRICARE is understanding it. To help them accomplish this, here is what we have done so far:

TRICARE articles have appeared over the last several months in a number of military publications, including *All Hands*, *Marines Magazine*, *Shift Colors*, *Retired Marine*, and *Lifeline* to explain the current benefit and changes that occur when TRICARE is implemented. At the end of January, I was given the opportunity to address the Navy's senior leadership on the TRICARE program. I presented a standard, but comprehensive, TRICARE brief that I have since sent to Commanding Officers at each of the Navy's medical and dental facilities for further dissemination locally. My headquarters staff is tracking how well we are doing in getting out the word to individual Navy and Marine Corps commands.

Once our beneficiaries understand the options available to them with their new TRICARE health benefit, they will find it much easier to decide which TRICARE option, Prime (HMO), Extra (Preferred Provider), or Standard (Standard CHAMPUS), is best for them. The Chief of Naval Operations, The Chief of Naval Personnel, The Commandant of the Marine Corps, Deputy Chief of Staff for Manpower and Reserve Affairs and I are committed to a program of education to help our beneficiaries fully understand the TRICARE benefit so

each individual can make informed choices based on desired level of access and cost.

We continue to evolve TRICARE in our efforts to make it the best health care plan in the country. Still, there remains one significant issue: care for our Medicare-eligible beneficiaries, often called "dual eligibles". There are several options for resolving this issue. One alternative is to allow these patients to continue on a space available basis in our military medical facilities. However, space is becoming less and less available as our medical facilities are closed and as the competition for military medical facility access increases.

A second alternative is to have HCFA reimburse DoD for those dual eligibles who enroll in TRICARE Prime. Discussions are currently underway within the Administration to determine the feasibility of a demonstration where DoD would maintain its current level of effort and would then turn to HCFA to cover additional dual-eligible beneficiaries who choose to enroll in TRICARE Prime.

A third alternative would be for DoD to continue to pay for medical care for Medicare eligibles. We continue to provide space available care to a growing number of our beneficiaries who are Medicare eligible. However, providing care under TRICARE for these beneficiaries could be excessively costly to DoD.

Today, Medicare-eligible military retirees continue to receive care in military treatment facilities on a space available basis. We are doing everything we can to help these people get the health care they need and deserve. They may use our health care finders to access TRICARE providers who

accept Medicare assignment. In base realignment and closure (BRAC) areas, Medicare-eligible military retirees and family members are authorized to participate in the mail order and retail pharmacy programs provided by the regional Managed Care Support Contract. In the Navy, we have instituted a new policy in dealing with all of our beneficiaries that I hope will really help these dual-eligible folks. We have done away with waiting lists. When a beneficiary requests a service from us, if we can't give them an appointment in the direct care system, we help them find their way to care in the highest quality, most cost-effective way from alternative sources.

Oral health is an essential factor in the wellness of the active forces and a high priority "quality of life" issue for our family members. The goal of our dental health care benefit is access for all beneficiaries to a health care system that allows them to attain a condition of overall oral health. The TRICARE Family Member Dental Plan (TFMDDP) extends affordable, government subsidized dental insurance coverage to eligible beneficiaries in CONUS, Guam, Puerto Rico, the U.S. Virgin Islands and Canada. Currently, 89% of eligible Navy and Marine Corps families are enrolled in the Plan. Family members residing overseas are provided dental care on a "space-required" basis at the nearest military dental treatment facility through the recent implementation of the OCONUS Family Member Dental Program. To furnish the necessary level of providers to supply dental care, active duty billets have been transferred from the continental U.S. to overseas sites and backfilled with contract dentists and dental technicians.

In the area of quality improvement, I am proud of the Navy's Central Credentialing and Privileging Activity (CCPA) in Jacksonville, Florida, which was established to ensure that our reserve health care providers are privileged to provide care to our troops in the event of deployment. CCPA

verifies the clinical credentials and the current clinical competence of all Navy Selected Reserve providers and is being expanded to include all Department of the Navy active duty providers.

We are also in the process of establishing a skill-based privileging system for the management of competencies of all Department of Navy practitioners. This management system will provide an accurate picture of the practitioners' current skills and allow us to tailor assignments to operational and direct care needs. It will link to our readiness requirements and our direct care capacities. This initiative will build on the CCPA to allow central, automated evaluation of the available skill pool for training and assignment of personnel. It will maximize the capability of the privileging system as a quality management system.

CONCLUSION

As the Navy's 32nd Surgeon General, I am committed to building on the Navy Medical Department's heritage of service to the Fleet and Fleet Marine Force. Readiness remains at the very center of all our efforts as Navy Medicine responds to today's environment of rapid change, changing priorities, regional conflicts and disasters, and diminishing resources.

Readiness means to me:

- keeping our Sailors and Marines healthy and where they belong - on their jobs
- moving information not people
- taking care to the deckplates

The thinking behind all of this is to keep our Sailors and Marines as close to their mission as possible, whether their work is aboard ship, in the United States, overseas, or in a training environment.

With the strong support received from you and your Committee, TRICARE is well underway and working. Marketing is the key to successful implementation of the TRICARE managed support contracts. Navy Medicine is making a concerted effort to educate our patients about their health care choices and responsibilities. I am confident that TRICARE is the very best solution for providing a comprehensive health benefit to our Sailors, Marines, their families, survivors and retirees and their families.

Mr. Chairman, I am proud to represent the dedicated men and women of Navy Medicine before you today. I would be pleased to answer any questions you or members of the Committee may have. Thank you.

CBO TESTIMONY

Statement of
June E. O'Neill
Director
Congressional Budget Office

on
Medicare Subvention for the Department of Defense

submitted to the
Subcommittee on Military Personnel
Committee on National Security
U.S. House of Representatives

March 7, 1996



CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515

Mr. Chairman and Members of the Subcommittee, I am pleased to submit this statement covering the budgetary issues related to a demonstration project in which Medicare would reimburse the Department of Defense (DoD) for care that DoD would provide to some beneficiaries who are eligible for care through both DoD and Medicare. The discussion applies to a legislative proposal prepared by DoD and more generally to other proposals presented to the Congressional Budget Office (CBO) by various Congressional staff.

BACKGROUND

For a long time, military retirees have been eligible to receive care under two DoD programs--a direct care program in which beneficiaries are treated in DoD's own facilities, and an insurance program called the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) in which treatment is provided in the private sector and costs are shared by DoD and the beneficiary. Retirees who are eligible for health coverage under Medicare may seek care in a military treatment facility (MTF) but are ineligible to participate in CHAMPUS. Medicare, however, does not currently reimburse DoD for care provided at an MTF to retirees eligible for Medicare.

Many military retirees prefer to be treated at an MTF, primarily because they face lower out-of-pocket costs than they would under Medicare. In practice, however, constraints on resources have prevented many retirees eligible for Medicare

from being treated in an MTF. We expect that this situation will be exacerbated as DoD downsizes its system and restructures its health care programs to include a managed care program called Tricare Prime.

In 1994, the Senate Committee on Armed Services reported legislation to authorize Medicare to reimburse DoD for the care it provides to beneficiaries eligible for Medicare. Presumably, with funding from Medicare, DoD could provide care to more retirees eligible for Medicare. However, CBO estimated that five years after enactment of such legislation Medicare costs would rise by about \$2 billion annually. More recently, CBO has seen proposals for more limited reimbursement that would first be tested through a demonstration project.

OUTLINE OF DEMONSTRATION PROJECT

The discussions of a demonstration project that would offer more limited reimbursement, termed Medicare subvention, have pointed to a program with the following characteristics:

- o The program would occur over two or three years in no more than three of DoD's administrative regions;

- o Beneficiaries would be required to enroll in DoD's managed care health plan (Tricare Prime);
- o DoD and the Health Care Financing Administration (HCFA) would establish a base level of effort equal to what DoD would provide under current law to retirees eligible for Medicare;
- o DoD would pay for all care up to the base level and would be reimbursed by Medicare for increments above the base level; and
- o Medicare's payment to DoD would be based on the per capita amount that it currently pays to risk-type health maintenance organizations (HMOs).

The three regions under consideration are Region 6 (Texas), Region 11 (Washington/Oregon), and Region 12 (Hawaii/Pacific). Those regions contain approximately 220,000 retired military personnel and their dependents who are entitled to Medicare insurance coverage in addition to being eligible to receive care in DoD medical facilities.

The stipulation that Medicare pay no more than it would under current law is intended to ensure budget neutrality—that is, that the deficit will not increase. But the

stipulation also has significance because Medicare costs are subject to the pay-as-you-go procedures of the Balanced Budget Act, unlike DoD's costs, which are met through annual appropriations. Thus, even though the sum of Medicare and DoD costs could net to zero, different treatment under the Balanced Budget Act could subject the proposal to the pay-as-you-go procedures.

BUDGETARY IMPACT

The legislative goal is that the demonstration project would not increase either DoD's or HCFA's costs. DoD would continue to pay for the care that it would provide under current law to beneficiaries eligible for Medicare, and HCFA would continue to pay for people receiving care in the private sector. HCFA's costs would experience no net change because payments to DoD would be offset by lower payments to private-sector providers. DoD's net costs would remain the same because the receipts from HCFA would be matched by higher outlays for the care it would provide to extra patients.

The key question for estimating costs is whether the stipulation that the project be budget neutral for both DoD and Medicare would work. The answer depends on how accurately DoD and HCFA can determine the amount of DoD's health care workload for beneficiaries eligible for Medicare under current law--that

is, the base level of DoD effort that would not be eligible for Medicare reimbursement. That measure involves determining the current level of effort and projecting what level of effort would be made in future years without Medicare reimbursement.

As Table 1 shows, the likely outcome would be greater Medicare costs. Even though the legislative goal is budget neutrality, three factors would lead to greater costs. First, knowing how many Medicare beneficiaries will participate in Tricare Prime is difficult enough in the short term, and that uncertainty only grows over time as populations change and the availability of discretionary funding for DoD's health care programs varies. Second, DoD and HCFA face different incentives and access to information. As a result, DoD would have an advantage in the negotiations with HCFA over the base level of care that would work against budget neutrality. Third, Medicare's costs could rise if relatively healthy beneficiaries switched from receiving care in the private sector on a fee-for-service basis to receiving it in DoD's managed care program, since HCFA would pay more for such individuals on a managed care basis than it would on a fee-for-service basis. In terms of its relationship with DoD, HCFA would pay more to DoD than it now pays to the private sector, whereas DoD would be free to spend the extra reimbursement on things other than medical care for the beneficiaries eligible for Medicare.

TABLE 1. MONETARY FLOWS UNDER MEDICARE SUBVENTION

Medicare (Health Care Financing Administration)	Department of Defense
Legislative Goal	
Payments to DoD under subvention	Receipts from Medicare
Less: forgone payments to private providers	Less: outlays for incremental medical care
Equals: no net change in Medicare costs	Equals: no net change in DoD's spending
Likely Outcome	
Payments to DoD under subvention	Receipts from Medicare
Plus: unintended payments to DoD because of:	Less: outlays for incremental medical care
o Uncertainty of DoD's workload under current law	Less: outlays for other purposes
o Asymmetric information and incentives	Equals: no net change in DoD's spending
o Adverse selection by beneficiaries	
Less: forgone payments to private providers	
Equals: net increase in Medicare spending	

SOURCE: Congressional Budget Office.

There is not now an agreed-upon method for establishing the base level of effort for the demonstration project. In fact, DoD does not have complete information about the extent to which its beneficiaries currently receive additional care from other sources, such as Medicare. Thus, establishing a base level is subject to considerable uncertainty about the numbers of beneficiaries, the extent of their receipt of care, and their response to being included in the enrollment system. Because of

those uncertainties, it is difficult to know whom DoD would include in the demonstration project's base level of effort if it was taking effect right now. Despite the lack of an enrollment system, DoD claims that it provides all health care to the equivalent of 68,000—or about 30 percent—of the 220,000 Medicare-eligible retirees or dependents living in the three regions. Probably many more people receive at least some care from DoD, but the number averages out to being the equivalent of all care for 68,000 people. Healthy retirees could be underrepresented in the base level (that is, they would become the financial responsibility of HCFA), even though they now get most of their care from DoD.

If the base level was expressed in terms of expenditures instead of individuals, some measurement problems might be solved, but others would emerge. The most serious new problems could pertain to DoD's future expenses under current law. How would a base level of effort stated in terms of dollars instead of people account for considerations of demography and capacity? How would the base level account for changes in prices for medical care? Would the base level of effort call for DoD to maintain its current level of expenditures or would DoD be expected to maintain the share of its medical budget going to retirees eligible for Medicare? How would the process account for shortfalls or windfalls in DoD's appropriations?

Those are relevant questions because estimates of the base level of effort will have to contend with a growing population of retirees eligible for Medicare and a

decline in DoD's system of hospitals and clinics, as well as the transition to a delivery system that continues to assign retirees the lowest priority for care in MTFs.

Although one could argue that the measurement issue could go either way, CBO believes that it is likely to result in cost shifting to Medicare. In other words, Medicare would probably pay costs that DoD pays under current law. DoD has a greater incentive to shift its costs to Medicare than HCFA has to prevent shifting. Because annual discretionary appropriations currently limit DoD's health care funding, the department would have to eliminate personnel or otherwise reduce its program in the face of losses from an inaccurate base level (alternatively, it could expand its programs if it can shift costs to Medicare). However, HCFA pays Medicare costs from a permanent and indefinite appropriation that is very large and would not readily reveal a loss stemming from a demonstration program such as this one. Only administrative costs are discretionary, and they would be unaffected by gains or losses from a DoD base level of effort. It would not be easy for the General Accounting Office or any other auditing agency to state the financial outcome of the demonstration because it, too, would have to rely on estimates and assumptions about events and behavior that would have been different under current law.

CONCLUSION

Although the ultimate costs of a demonstration project are extremely difficult to gauge, CBO estimates that the illustrative demonstration project would result in hundreds of millions of dollars of pay-as-you-go costs--ranging from about \$200 million in 1997 to about \$300 million in 2002 despite the supposed budget neutrality. We believe that 50 percent of costs could be shifted to Medicare because of measurement problems and institutional features. First, a 20 percent to 30 percent error could easily occur in measuring current efforts, and uncertainty about the future could add another 20 percent to 30 percent at least. Second, the differing incentives and information would lead to errors that compound rather than offset. Even though the estimate is imprecise, it is safe to say that the demonstration project could add to Medicare (and governmentwide) costs in the hundreds of millions of dollars each year.

Although the additional outlays from the Medicare trust fund would be paid to another government agency, DoD would be able to spend the reimbursements. Therefore, the additional outlays would be subject to the pay-as-you-go procedures established under the Balanced Budget Act. The increase in mandatory spending would allow discretionary authorizations to decline by the same amount, but no one would know for certain whether or in what amounts this demonstration project was providing net additional resources to DoD. Whether discretionary savings would actually occur would depend on annual appropriation action.



STATEMENT

BY

CHIEF MASTER SERGEANT JAMES D. STATON, USAF (RET.)

EXECUTIVE DIRECTOR

AIR FORCE SERGEANTS ASSOCIATION

**BEFORE THE HOUSE COMMITTEE ON NATIONAL SECURITY
SUBCOMMITTEE ON MILITARY PERSONNEL**

ON

MILITARY HEALTH CARE

MARCH 7, 1996

AIR FORCE SERGEANTS ASSOCIATION

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Mr. Chairman and distinguished committee members, thank you for this opportunity to discuss the most important non-pay benefit to military members -- health care. For enlisted members especially, the costs associated with health care are often of major concern due to their lower rates of active duty and retired pay. This is compounded by the belief, derived from promises made at every enlistment, that lifetime health care would be provided free in Military Treatment Facilities (MTF). However, it is clear that this promise will not be kept.

As has been said many times before, it is unquestionable that military retirees were promised at every enlistment that they and their families would have free, lifetime health care in the Military Health Services System (MHSS). However, this care has become "space-available," with less and less space available. This broken promise has become the focal point of much anger. TRICARE, with its enrollment fees and co-payments, represents a *large, unplanned and unexpected cost* to retirees especially, who were unable to save much while serving but expected that health care would not be a drain on what they were able to keep. Further, the forced change from TRICARE to Medicare at age 65 remains one of the most unfair aspects of today's military health care situation.

The government has an ethical responsibility to those who sacrifice for the country. Your actions play a large role in the lives of those who are and have been willing to give so much. Accordingly, I will lay out some principles that AFSA's members believe should be considered by your committee when it comes to health care policy.

1. *In spite of its clear flaws, TRICARE represents the most cost-effective alternative to obtain accessible, quality medical care.* For military family members and retirees under 65, it is the best option out of those under discussion. It focuses on preventive care and, despite its inequitable cost schedule, has been well-accepted in each region where implemented. It is far more beneficial and cost-effective for enlisted military families and retirees than other government health plans, such as the Federal Employees Health Benefits Program (FEHBP). Some are suggesting that FEHBP be made available to military retirees. However, if FEHBP became open to retirees, it might result in a number of the higher paid members leaving TRICARE. The result would probably be the end of TRICARE for those on the lower end of the pay scale, as sufficient numbers may not exist to retain operation of both FEHBP and TRICARE. For that reason, **FEHBP should not be offered as an option to those eligible for TRICARE.**

The arguments for opening up a program like FEHBP to all military members may appear persuasive. The simple fact is that the plan simply is not affordable on the pay levels of active and retired enlisted members. When FEHBP and TRICARE Prime are compared, it is clear that Prime is far more affordable.

Enlisted members accept their lower rates of compensation. However, they cannot be burdened with ever higher costs in order to meet their fundamental needs. Improvements

(more)

must be made to the MHSS -- however, while higher paid military members may be able to afford a wider range of health care options such as FEHBP, enlisted military retirees do not have that luxury.

2. *Medicare subvention must be approved for military retirees who are Medicare-eligible.* One of the most shameful aspects of military health care today is the non-treatment of this population. Subvention would allow over-65 military retirees to formally participate in the MHSS as they were promised. *No other federal health care plan discriminates in this way when its enrollees reach this status.* Mr. Chairman, your committee has the power to push to stop this practice. The passage of Medicare subvention would largely alleviate the burden that is imposed on today's Medicare-eligible military retirees. Their unique service to their nation must be recognized, and their health requirements during their final years should not wipe out any savings they may have been able to accrue.

If Congress is simply unable to pass subvention, the fair and logical thing would be to allow them to stay in TRICARE and use that as a second payer to Medicare. This is the best alternative to subvention.

3. *Even without subvention, the mail order and retail network pharmacy programs should be expanded to cover all beneficiaries.* When our oldest retirees are faced with the cost of pharmaceuticals, they must pay a disproportionate share of their retirement in huge out-of-pocket costs. For them especially, this is the greatest abrogation of the promises that the government made to them. Expanding this low-cost alternative program to cover *everyone*, not just TRICARE- and BRAC-affected Medicare-eligibles, would at least provide some protection to this vulnerable group, since Medicare does not cover pharmaceutical costs.

4. *Include statutory language in the Fiscal Year 1997 Defense Authorization Bill that would prevent the future implementation of Military Treatment Facility "user fees."* The TRICARE Rule, published on page 52079 of the October 5, 1995, Federal Register, points out that future " ... consideration will be given to establishment of nominal per-visit fees, for some or all retirees, their family members, and survivors, and for some or all types of services ..." Mr. Chairman, this would be an unacceptable breach of faith for the millions of retirees who were convinced that their sacrifice would be rewarded with free health care for life. AFSA asks you to specifically use your influence to include language that would never allow this to happen.

Mr. Chairman, your committee made positive contributions last year by fixing problems with TRICARE/CHAMPUS. Active and retired enlisted members are greatly concerned with the current trends and future direction of military health care. AFSA asks that you consider some or all of these suggestions as you deliberate. Of course, as always, AFSA is available to assist you in matters of mutual concern.

TESTIMONY RESPECTFULLY SUBMITTED

BEFORE THE

THE MILITARY PERSONNEL SUBCOMMITTEE

OF

THE HOUSE NATIONAL SECURITY COMMITTEE

OF THE

U. S. HOUSE OF REPRESENTATIVES

STATEMENT PRESENTED BY

EDITH G. SMITH
CITIZEN ADVOCATE FOR
DISABLED MILITARY RETIREES

MARCH 7, 1996

I am pleased and honored to present this statement to the Members of The Military Personnel Subcommittee of The House National Security Committee. I would like to discuss the complex, and sometimes, less generous military health care benefit that is provided to retired military beneficiaries under age 65 because they are fully disabled or suffer End Stage Renal Disease.

My name is Edith Smith from Springfield, Virginia. I consider myself to be a traditional military wife and I represent no organization. My husband, LtCol. Vincent M. Smith, USMC, Ret., and I became involved in this advocacy work when his CHAMPUS entitlement was terminated in 1989, basically because he was too sick to work. He was determined to be Social Security disabled in February, 1987, when he suffered an unexpected loss of health (and income) at age 49. The Department of Defense switched him from CHAMPUS to Medicare 29 months later. Our desire to understand his unjust loss of an earned CHAMPUS benefit has led us to join others in working to correct this inequity for all military beneficiaries who are at risk of disability or kidney disease.

In 1991, Congress quickly attempted to correct this unjust, and I believe, unintended situation by restoring CHAMPUS as second payer to Medicare. Congressman, C. W. "Bill" Young, FLA, introduced legislation with the intention of restoring all health benefits to retired military beneficiaries that they would have had, but lost prematurely because they were disabled. All retired military beneficiaries who are or may become "Medicare eligible" under age 65 are most grateful to the Committee for this provision in The FY 92 Defense Authorization Act.

Section 743, FY96 DEFENSE AUTHORIZATION ACT
Waiver of CHAMPUS payments recoupment

Military "Medicare eligible" retired beneficiaries who, through no fault of their own, were unaware of the termination of their retired entitlement to CHAMPUS wish to thank you and the Members of The Military Personnel Subcommittee for your work to include Sec. 743. "Waiver of Collection of Payments due from certain persons unaware of loss of CHAMPUS eligibility."

This provision is a fitting tribute to the efforts and memory of SGT. Roy E. Johnson, USAF, Ret., Of Norcross, Georgia. Sgt. Johnson died in March, 1995, while working to correct this injustice to severely disabled military retirees. We thank Representative John Linder, GA, for his assistance with Sgt. Johnson's effort to bring this issue to the attention of DoD(Health Affairs) and The Military Personnel Subcommittee.

The Dept. Of Defense implementation of this provision should include the waiver of collection of CHAMPUS payments from both the beneficiary and the medical provider. Otherwise, the provider will be required to refund the CHAMPUS program and then bill the retiree who is responsible for payment. CHAMPUS memorandum of 4 June 1973 (See attachment #1) acknowledged a need for a DoD DATA match with Social Security to identify disabled retired beneficiaries who became eligible for Medicare in 1972 (42 U.S.C.1395c et seq). Although CHAMPUS regulations (DoD 6010.8-R) published 10Jan1977 terminated the CHAMPUS benefit for Medicare eligibles under age 65, Congressional legislation was not enacted to validate this benefit termination for disabled beneficiaries until 12 Dec 1980 (P. L. 96-513, Sec. 511.) This

DATA match, although never accomplished, would have prevented this tragic situation for so many disabled retirees.

I ask the Committee to closely monitor the development of this waiver of recoupment procedure. A DATA match must be promptly arranged by DoD in order for disabled retirees to receive adequate notification of the termination of CHAMPUS and how they need to proceed with enrollment in Medicare, Part A and B.

Federal Employees Health Benefits

a Voluntary Option for

Military "Medicare eligible" Retired Beneficiaries

Representative James P. Moran, VA., responding to requests from his constituents, has introduced a bill that will allow retired military "Medicare eligible" beneficiaries the option to participate in the Federal Employees Health Benefits Program (FEHBP). Because Military retirees are the only Federal retirees whose employer provided health coverage ends at age 65, we appreciate Mr. Moran's initiative. This legislation

will "HONOR OUR COMMITMENT" to provide lifetime medical care to those who serve our country through military service. Mr. Moran's bill will offer the participation in FEHBP as a voluntary alternative to military "Medicare eligible" retirees, especially retirees who are unable to access the free, "Space Available" care in a military hospital.

Some are calling this legislation "FEHBP-65." The use of this acronym could lead to the misperception that "Medicare eligibles" under 65 are not included in the legislation. An inadvertent exclusion of "Medicare eligibles" under 65 might occur as this legislation goes forth. As this Committee considers this FEHBP legislation, I ask that you protect the inclusion of "Medicare eligibles" under age 65 for the following reason: CHAMPUS as second payer does not provide the dual coverage situation envisioned and intended by Congress in a manner similar to Medicare when it is combined with "fee for service" FEHBP plans (see attachment #2.)

Problems with the existing Medicare/CHAMPUS coverage for the disabled are:

1. CHAMPUS is not a Medicare supplement.

The new CHAMPUS "115% rule" negates second payer CHAMPUS payment when the Medicare allowed amount is greater than the amount CHAMPUS would have paid, leaving the patient with unexpected out of pocket costs. A true medigap supplemental policy is designed to pay the amount defined as the patient's responsibility.

2. Medicare Part A: Accepting assignment

Hospitals who accept federal funding assistance are required to accept Medicare assignment. Hospitals accepting Medicare assignment also are required to accept CHAMPUS assignment. However, there are complex criteria and rules (including the new "115% rule") that may prevent CHAMPUS from paying the Medicare Part A deductible of \$716. If the provider accepting Medicare is not also an authorized CHAMPUS provider, then CHAMPUS will not make payments as second payer. Medicare has no catastrophic cap, therefore, we believe it is prudent to purchase a Medicare supplement in order to have more dependable financial protection. (See attachments #3 and #4)

3. Medicare Part B: Accepting assignment

Physicians and outpatient providers are not required by law to accept either Medicare or CHAMPUS patients. Even though the physician may be an authorized provider, it is his choice to "accept assignment" on a case by

case basis. The health care provider may "accept assignment" from some and not others....."Freedom to choose" is the American way!

4. Pre existing conditions:

The active duty member who is medically retired probably will not be enrolled in a CHAMPUS supplement sold by military associations without pre-existing condition exclusions. The Retired Officer's Association policy waives pre-existing conditions to retirees switching from a private employer provided health insurance to their Mediplus supplement, but does not waive pre-existing condition exclusions for an active duty member retiring and switching from military medicine to CHAMPUS. Few, if any, association supplemental policies will accept a person with a disabling condition. Federal law requires Medicare supplements to enroll individuals without pre existing conditions only at age 65. When a disabled Federal civilian retiree is switched to Medicare, there are no pre-existing exclusions, nor is health status a subject of consideration when applying to change plans in the FEHBP. Disabled individuals are included with and treated like all other civilian retirees. Congress and The Office of Personnel Management has successfully worked to insure that no civilian Federal retiree suffers a discriminatory loss of health coverage because of age or health status.

5. Insurance risk pools:

Supplemental policies sold by our military associations are community based risk pools by age and state. Premiums for these policies vary greatly with Associations, often the enlisted groups have the more expensive plans. The Retired Officer's Association has one of the largest programs at the best

premium value. Prescription coverage with Medicare supplements is not generally offered because of the high premium costs rated with smaller community based risk pools. Mr. Moran's bill includes a provision for a separate trial risk pool for retired military beneficiaries which would seem to be an improvement over the insurance risk pools now available to them.

6. Medicare Part B requirement for disabled retirees:

Disabled military beneficiaries who receive dual coverage under Medicare and CHAMPUS are required to participate in Medicare Part B. in order to receive their earned CHAMPUS or TRICARE benefits. Federal civilian retirees with dual coverage under Medicare and FEHBP have the voluntary option to purchase Medicare Part B. If the civilian retiree chooses to participate in Medicare B, The Office of Personnel Management requires the FEHBP plans to waive all deductibles and copays.

7. Overseas coverage:

Medicare eligible retirees under 65 who live outside the United States must purchase Medicare Part B (\$42.50 mo.) in order to receive CHAMPUS benefits even though they cannot collect payment from Medicare. Federal retirees over 65 living overseas use their FEHBP plan with no Medicare requirement.

Conclusions that support the passage of Mr. Moran's FEHBP legislation as a voluntary option of retired military "medicare eligibles" are:

1. FEHBP has no pre-existing exclusions

2. FEHBP provides enhanced comprehensive coverage at lower beneficiary costs than the coverage provided by military association supplemental policies.
3. Dual Medicare/CHAMPUS beneficiaries need two supplements for adequate protection. One FEHBP supplemental policy affords better coverage, less paperwork, and lower premiums.
4. Medicare Part B participation is not a condition for receiving benefits in the FEHBP plan. It is a voluntary choice by the retiree.
5. Federal civilian retirees over age 65 may use their health coverage anywhere in the world.

We thank Mr. Moran for introducing this legislation to allow military retirees a voluntary alternative for health coverage. This legislation offers retired military beneficiaries an equal opportunity for health coverage that is provided to all other Federal employees or retirees and "Honors our Commitment" for the promise of lifetime healthcare. This legislation does not deny military retirees the access to traditional "Space A" care in a military hospital. Please make every effort to find a way to provide this opportunity for health coverage to military retirees.

TRICARE PRIME ENROLLMENT FOR MEDICARE ELIGIBLES UNDER 65

Removal of Medicare Part B requirement

I ask The Committee to please remove the mandated requirement to purchase Medicare Part B as an unnecessary and unfair condition to enroll in TRICARE PRIME for the "Medicare eligible" beneficiary. (See letter from the Assistant Secretary of Defense, attachment 5.)

DoD informational materials on TRICARE PRIME state that "Medicare eligibles" may not enroll in PRIME at this time. If the disabled retiree learns of his eligibility for PRIME, he is financially penalized with the requirement to purchase Medicare B (\$42.50 mo.) as the condition to enroll in TRICARE PRIME, then he is assessed the normal enrollment fee (\$230 yr.) even though his CHAMPUS is now a second payer. Additionally, he is restricted from freely using all providers in the PRIME network. While the contractors must "attempt" to sign up providers who accept both CHAMPUS and Medicare, PRIME providers are only required to accept CHAMPUS under the PRIME contract.

The disabled military retiree may choose to sign up in the PRIME network to free himself of paperwork that he may not be well enough to

accomplish, or to save himself the 25% cost share for CHAMPUS prescription drugs and skilled nursing care for catastrophic illness. The disabled military beneficiary may desire to join his fellow retirees in the military health program with merely a sense of belonging, remaining in the "military mainstream" with his more healthy retired colleagues or as a matter of convenience. Whatever his reason, The Dept. of Defense must not seek to rid their programs of retirees because of age or health status as a way to meet budget targets.

CONCLUSION:

I urge The House National Security Committee to continue its efforts to restore an equitable DoD sponsored health coverage for the military "Medicare eligibles". I urge you to remove the requirement to purchase Medicare Part B in order to receive CHAMPUS. The removal of this requirement will solve the problem of overpayment by vulnerable retirees who choose to use their retired benefits through the TRICARE PRIME program.

HEALTH AND
HUMAN SERVICES

Johnson

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

4 JUN 1973

MEMORANDUM FOR The Assistant Secretaries of the Military
Departments (M&RA)

SUBJECT: Medicare-CHAMPUS Dual Eligibility

Three provisions of the Social Security Act Amendments of 1972 affect eligibility or entitlement of CHAMPUS beneficiaries on or after 1 July 1973. The three provisions are:

a. Medicare for the disabled. Medicare protection is extended to persons entitled for not less than 24 consecutive months to cash benefits under the social security and railroad retirement programs because they are disabled. Coverage includes disabled workers at any age, disabled widows, and disabled dependent widowers between ages 50 and 65; women aged 50 or older who are entitled to mother's benefits and, for 24 months before the first month they would have been entitled to Medicare protection, met all the requirements for disability benefits except for actual filing of a disability claim; those aged 18 and over who receive social security benefits because they became disabled before reaching age 22; and disabled qualified railroad retirement annuitants. Medicare protection under this provision will begin with the later of (a) July 1973, and (b) the 25th consecutive month of an individual's entitlement to social security disability benefits and will terminate the month following the month notice of termination of disability benefits is mailed.

b. Chronic kidney disease deemed to constitute a disability for purposes of Medicare. Effective July 1, 1973, Medicare coverage is extended to individuals under age 65 who are currently or fully insured or entitled to monthly social security benefits, and to the spouses and dependent children of such individuals, who require hemodialysis or renal transplantation for chronic renal disease. Such individuals are deemed to be disabled for purposes of coverage under both parts of Medicare. Eligibility for coverage begins with the third month after the month in which a course of renal hemodialysis begins through the twelfth month after the month in which an individual had a transplant or dialysis terminates. Benefits include those of both parts of Medicare, with the usual deductibles and coinsurance. The Secretary is

*Attachment **

authorized to limit reimbursement for treatment to kidney disease treatment centers that meet regulatory requirements.

c. Hospital insurance for the uninsured. Persons reaching age 65 who are ineligible for Medicare hospital insurance may enroll, on a voluntary basis, for such coverage under the same conditions as for supplementary medical insurance. Those who enroll will pay the full cost of the protection -- \$33 a month at the beginning and more in later years as hospital costs rise; enrollment for supplementary medical insurance is also required. States and public organizations, through agreements with the Secretary, are permitted to purchase such protection on a group basis for their aged retired (or active) employees. Coverage under this provision will be effective on July 1, 1973.

With respect to these, the Office of the General Counsel has ruled that the provisions of section 1066(d) of title 10, United States Code, apply. Thus, for retired members and their dependents and survivors of deceased active duty and retired members, Medicare benefits will be deducted before determining CHAMPUS cost-sharing.

We do not know at the present time the effect of the new provisions on the CHAMPUS entitlement of dependents of active duty members, how many CHAMPUS beneficiaries may be affected by the new Medicare provisions, or the real magnitude of the dual eligibility problem. In view of this, we are attempting to develop a CHAMPUS implementation plan in coordination with the Social Security Administration. You will be provided with the additional details as soon as they have been developed.

Vernon McKenzie

Vernon McKenzie
Deputy Assistant Secretary of Defense
(Health Resources & Programs)

Attachment *1
page 2.



DEPARTMENT OF DEFENSE
OFFICE OF CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED SERVICES
AURORA COLORADO 80043-8900

DS

JUN 28 1993

Honorable Joel Hefley
Member, United States House
of Representatives
104 South Cascade, Suite 105
Colorado Springs, CO 80903

Dear Mr. Hefley:

This letter is in response to your letter of May 24, 1993, regarding a letter you received from Mrs. [redacted] dated May 10, 1993. My office had previously written to you regarding your letter of March 15, 1993, in which you enclosed a letter from Mrs. [redacted] dated February 27, 1993.

Since writing to you in March, both a member of my staff and I have spoken with Mrs. [redacted] first to respond to her questions and to offer assistance, and secondly to apologize for the tone of the March 15, 1993, letter from OCHAMPUS. It was not our intention in our first letter to imply that Mr. [redacted] had a choice regarding his medical separation from the service or that the benefits that he receives as the result of this separation in any way fully compensate him and his family for their losses.

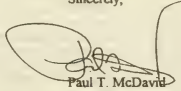
In the original letter we tried, in a poor way, to explain that, in accordance with current Federal Laws and Regulations governing the CHAMPUS and Medicare programs, options for payment for civilian health care for individuals with disabilities are limited. There is no doubt that had Mr. [redacted] been able to retire as the result of length of service and pursue a civilian career in aviation, his out of pocket costs for health care would have been significantly less than what they are today. The law referenced by Mrs. [redacted] was passed in an attempt to equalize the Medicare/CHAMPUS benefit with the CHAMPUS benefit he would have had if he had retired for length of service. The attempt to equalize the benefits did fall short in some situations, and total out of pocket costs are still greater than they would have been under CHAMPUS alone. In her letter, Mrs. [redacted] points out that her husband must pay for Medicare Part B in order to be eligible for the CHAMPUS benefit. The law that restored CHAMPUS eligibility to individuals who are Medicare eligible as the result of a disability and are under age 65 years does require that they have Part B in order to have eligibility for CHAMPUS restored. We are unable to waive the requirements of the law.

*Attachment *2*

As I mentioned earlier, a member of my staff is working with Mrs. [redacted] to clarify items addressed in her letters and to provide assistance. We have asked her to send us copies of any correspondence from Medicare and CHAMPUS to review so that we can ensure that maximum payment is being made within existing policy. We will also continue to work with Mrs. [redacted] to determine if there are other health care alternatives available to Mr. [redacted] that would be more economical while providing equal or better care.

I apologize for the poor response to Mrs. [redacted] original letter and for the implications that were made in that letter. Every effort is made to serve our beneficiaries to the best of our ability; however, sometimes we don't get the job done. I hope that in our continuing efforts, we will be able to better serve Mrs. [redacted] and to be of assistance to her and her family. Thank you for your concern regarding the health benefits of our beneficiaries. We look forward to working with you and your staff in the future.

Sincerely,



Paul T. McDavid
Captain, Dental Corps, United States Navy
Director

Enclosure:
Original Correspondence

Attach #2
page 2



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
HEALTH AFFAIRS

2511 GARDEN ROAD SUITE A260
MONTEREY, CA 93940-5352



April 7, 1995
F6120/F632

CW2 . USA (RET)
Drive
Frankfort, KY 40601-4650

Dear

Thank you for your recent correspondence to the Defense Enrollment Eligibility Reporting System (DEERS) Support Office. Two recent acts of Congress reestablished CHAMPUS eligibility for beneficiaries under age 65 who are both entitled to Medicare Part A and are purchasing Medicare Part B. For your reference, these acts are the "National Defense Authorization Act for Fiscal Years 1992 & 1993" (P.L. 102-190) and the "Department of Defense Appropriations Act, 1992" (P.L. 102-172).

As a result of these revisions beneficiaries under age 65 who become entitled to Medicare Part A and are purchasing Medicare Part B have reinstated CHAMPUS benefits beginning October 1, 1991, if their Medicare Part B became effective on or before that date. However, if their Medicare Part B effective date is after October 1, 1991, then they will have reinstated CHAMPUS benefits beginning the month their Medicare Part B becomes effective.

The Social Security Administration (SSA) confirmed that you are entitled to Medicare Part A effective June 1, 1993 and enrolled in Medicare Part B effective June 1, 1993. Because of this, you are eligible for CHAMPUS as a last pay insurer beginning on June 1, 1993.

Your DEERS record reflects your dual-entitlement to Medicare and CHAMPUS. It shows Medicare as your primary insurer as of the Medicare Part A effective date reported by the SSA and it shows CHAMPUS as your last pay insurer effective either October 1, 1991 or your Medicare Part B enrollment date, whichever is later.

You may begin to submit claims to CHAMPUS for treatment that occurred after October 1, 1991 (or the date of your entitlement to Medicare Part B, whichever is later). CLAIMS MUST BE FIRST SUBMITTED TO MEDICARE FOR PAYMENT OF PART A & PART B COVERAGE. Copies of the following documents must be sent along with your CHAMPUS claim form and medical bills in order for your claims to be processed correctly:

Attachment #2
page 3

1. The Medicare Explanation of Benefits (EOB) itemizing the Medicare cost share.
2. A copy of your Medicare Health Insurance Card that shows your entitlement to Medicare Part A and Medicare Part B
3. A copy of your Social Security Administration "Retirement, Survivors and Disability Insurance" Notice of Award

The primary benefit provided through the CHAMPUS coverage is the reimbursement for prescription medication. The CHAMPUS benefits are not a full coordination of benefits package. CHAMPUS will only pay up to its allowable cost share for any benefits not already covered by Medicare. For example, if Medicare pays \$80.00 for medical treatment that costs \$90.00 and the normal CHAMPUS cost share is \$60.00, then the CHAMPUS allowable cost share will have already been paid by the Medicare payment and CHAMPUS WILL NOT pay the remaining \$10.00. Of course the opposite is also true, if Medicare pays \$50.00 for medical treatment that costs \$90.00 and the normal CHAMPUS cost share is \$60.00, then CHAMPUS will pay \$10.00.

Any payments which are paid by CHAMPUS will be applied against the standard patient deductible and cost share rules. For this reason it is very important that you maintain any Medicare supplemental insurance which you currently have. If you discontinue your Medicare supplemental insurance you may not be able to restart it and you may also experience problems obtaining Medicare supplemental insurance at age 65.

All beneficiaries 65 or older who are entitled to Medicare Part A lose their eligibility for CHAMPUS in accordance with Title 10, Chapter 55 of the United States Code. Your eligibility for CHAMPUS benefits as a secondary insurer will continue through the last day of the month prior to the month of your 65th birthday, or, if your birthday falls on the first day of the month, through the last day of the month that is two months prior to the month of your 65th birthday. An example:

If your birthday is May 25th, your CHAMPUS entitlement ends April 30th. If your birthday is May 1st, your CHAMPUS entitlement ends March 31st.

If you have any questions or require further assistance, please feel free to contact the DEERS Support Office, toll-free, at 1-800-538-9552, or write to us at the DEERS Support Office, ATTN: Field Support, 2511 Garden Road, Suite A260, Monterey, CA 93940.

Sincerely,

L. McCarty

Van Q. Nguyen
Captain, USMC
Deputy Director, DEERS Support Office

Attachment #2
page



THE
RETIRED
OFFICERS
ASSOCIATION

201 North Washington Street
Alexandria, Virginia 22314-2529
(703) 549-2311

Thomas J. Kilcline, Vice Admiral, USN (Ret)
President

August 5, 1992

Mrs. Edith G. Smith
8008 Brompton Street
Springfield, Virginia 22152

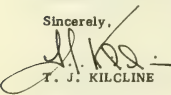
Dear Mrs. Smith:

Thank you for your July 29th letter.

We recognize that the 1991 change in Title 10, USC still leaves affected persons exposed to the CHAMPUS individual cost-share where the services are covered only by CHAMPUS [ie. prescriptions], and the person has a Medicare supplement. As you noted, this risk could be conceivably covered by a CHAMPUS supplement designed exclusively to work where CHAMPUS is second payor to Medicare.

Currently, TROA has no plans to develop this type of CHAMPUS supplement. If we were to do so, premiums likely would be extremely high in relation to benefits, considering the small number of "Medicare-eligible" disabled members, and the group's health characteristics.

Sincerely,



T. J. KILCLINE

CWS

Attachment #3

Kirke-Van Orsdel,
Incorporated

Gerald M. Kirke
Chairman of the Board
Chief Executive Officer

Executive Offices ■ 400 Locust Street ■ Des Moines, Iowa 50398 ■ 515-246-1776 ■ Telex: 475-354

August 14, 1992

Mrs. Vincent M. Smith
8008 Brompton Street
Springfield, VA 22152

Dear Mrs. Smith:

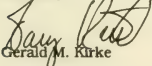
I appreciate the opportunity to address your concerns regarding CHAMPUS benefits for disabled military retirees.

The passing of the Federal law which entitles disabled military retirees under age 65 to CHAMPUS benefits, as a second payor to Medicare, offers valuable additional coverage not previously available. While I understand that this coverage does not provide for 100 percent reimbursement, it is intended to cut your cost share.

When considering the development of a CHAMPUS Supplement for disabled, retired military personnel under age 65, two factors: 1) the small number of Medicare eligible disabled members and, 2) the claims experience of these members would make premium prohibitive. In other words, the premium you would pay for this supplement in relation to benefits received would be extremely high.

For this reason, TROA and Kirke-Van Orsdel, Incorporated have no plans to develop this type of CHAMPUS Supplement.

Sincerely,


Gerald M. Kirke

GMK/nlc

Attachment #4



August 14, 1992

American Military Association

Mr. Vincent M. Smith
8008 Brompton Street
Springfield, VA 22152-0000

Certificate No.: 510-0540502

Dear Mr. Smith:

Thank you for applying for CHAMPUS Supplement protection through the American Military Association. Unfortunately, the underwriter of this coverage, North American Life and Casualty Company (NALAC), has informed us that they must decline your request for coverage. This decision was based on a careful review of the Evidence of Insurability provided by you (including the accuracy of your answers to the health questions on your Enrollment Form) as well as NALAC's Underwriting Guidelines.

NALAC is not in a position to provide riders on medical conditions or charge additional premiums for higher risks. They, consequently, can only accept or decline coverage.

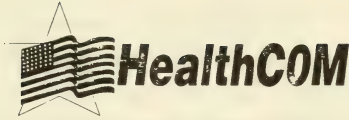
If you require further information concerning your declination, please send a written, signed request to The American Military Association, Fort Snelling Station, P.O. Box 76, Minneapolis, MN 55440-0076 authorizing us to release medical information to your personal physician. Be sure to provide us with the complete name and address of your physician. Information will be released promptly upon receipt of your authorization.

Please be assured that every consideration has been given your request. We appreciate your interest in this insurance program, and are sorry we cannot at this time provide you with the coverage you requested.

Sincerely,

Royal A. Johnson
Executive Director

*Attachment #4
page 2*



P.O. Box 5667—Madison, WI 53705-0667—(800)388-1006

August 17, 1992

Vincent M. Smith
8008 Brompton St.
Springfield, VA 22152

Dear Mr. Smith:

Thank you for applying for insurance protection with HealthCOM, underwritten by Epic Life Insurance. We appreciate your interest.

After careful evaluation of the statements made on your application, we have determined that we are unable to approve coverage to supplement your CHAMPUS benefit. Enclosed is a refund of your premium.

In compliance with your state insurance codes, it is our responsibility to notify you that you have the right to request, in writing, the specific reason or reasons for our decision within 90 business days from the date of this letter. Upon receipt of such written request, we will furnish the specific reason or reasons for our decision, directly to you, in writing within 21 business days from the date of our receipt of your written request.

Also, you have the right to access to recorded personal information and the right to request a correction, amendment or deletion of such recorded information if deemed appropriate by us and in compliance with your state insurance code.

If you have further questions about HealthCOM, please contact us at 1-800-388-1006. Thank you.

Sincerely,

Jeff Rohlinger
HealthCOM Underwriter

*Attachment #4
page 3*



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

30 JAN 1995

Mrs. Vincent M. Smith
8008 Brompton Street
Springfield, VA 22152

Dear Mrs. Smith:

This is in reply to your letter of November 22, 1994 regarding eligibility of disabled military retired beneficiaries for TRICARE Prime, the Department's managed health care program. I am pleased to inform you that such beneficiaries are indeed eligible for enrollment in TRICARE Prime, just as are other CHAMPUS-eligible military retirees, their family members, and survivors.

Based on further conversations between you and my staff, it appears that your concerns extend beyond the specific question raised in your letter to me. First, you would like the Department's support in eliminating the statutory provision which requires disabled retirees to pay the Medicare Part B premium, which amounts to several hundred dollars per year, as a condition of retaining their CHAMPUS eligibility. Second, you would like the Department to waive recoupment of CHAMPUS benefits paid in error to some disabled retirees -- those who were ineligible for CHAMPUS because they had not enrolled in Medicare Part B.

In response to your concerns, the Department will consider preparation of a legislative proposal to eliminate the requirement for enrollment in Medicare Part B as a condition of continued CHAMPUS eligibility for disabled retirees. Regarding recoupments, we are required by statute to seek recoupments of monies paid in error, but we are preparing a legislative change to permit waiver of recoupments for disabled retirees.

I hope this information is useful to you. The Department is committed to doing all it can to support its beneficiaries who are most in need.

Sincerely,

John M. Deutch

Attachment #5

D E P A R T M E N T O F T H E A I R F O R C E

P R E S E N T A T I O N T O T H E C O M M I T T E E O N N A T I O N A L S E C U R I T Y

S U B C O M M I T T E E O N M I L I T A R Y P E R S O N N E L

U N I T E D S T A T E S H O U S E O F R E P R E S E N T A T I V E S

S U B J E C T: M e d i c a l P r o g r a m s

S T A T E M E N T O F: L i e u t e n a n t G e n e r a l E d g a r R . A n d e r s o n , J r .
S u r g e o n G e n e r a l o f t h e A i r F o r c e

March 1996

N O T F O R P U B L I C A T I O N U N T I L
R E L E A S E D B Y T H E H O U S E C O M M I T T E E
O N N A T I O N A L S E C U R I T Y , U N I T E D
S T A T E S H O U S E O F R E P R E S E N T A T I V E S

Mister Chairman and members of the committee, thank you for this opportunity to address the goals and accomplishments of the Air Force Medical Service (AFMS) as we support the greatest Air Force in the world. Our chief of staff, General Ronald R. Fogleman, recently said, "The warfighting advantages the nation's Air Force brings to the joint table spring from the expertise and dedication of our people and the technological edge we maintain in our force structure. Our well educated, technically competent, and highly motivated men and women are committed to keeping this great nation strong and free." Nowhere is expertise, dedication, competence and motivation more prevalent than on our team of Air Force medics. I am proud that they have put Air Force medicine on the cutting edge, ensuring the AFMS will remain a world leader in the delivery of quality, comprehensive and compassionate health care.

Medical Readiness

During 1995, the AFMS remained fully engaged in support of the National Military Strategy, employing Air Force-unique resources such as our air transportable hospitals (ATHs) and aeromedical evacuation system. In any given month, we had three ATHs deployed and an average of 590 medical personnel deployed supporting operational commitments in approximately 40 countries. This monthly average represents a 180 percent increase over our 1994 deployment figures. In fact, the AFMS has experienced a more than 700 percent increase in operational deployments since Operation DESERT STORM, supporting global peacetime engagements, United Nations peacekeeping missions, humanitarian relief, and NATO operations.

We deployed four ATHs in support of Haitian and Cuban migrant operations at Guantanamo Bay, Cuba, and Cuban migrant and transit operations in Panama. The AFMS supported United Nations Peace Force medical operations at Zagreb, Croatia, by fully staffing

the U.S. Hospital Zagreb with ATH deployments from both the 60th Medical Group, Travis AFB, California, and the 74th Medical Group, Wright-Patterson AFB, Ohio. We continue to provide aeromedical evacuation support in the area and are using this opportunity to test our critical care air transport teams. Medical forces also deployed to establish medical staging operations and aeromedical evacuation infrastructures within eastern Africa to support evacuation of United Nations forces from Somalia for Operation UNITED SHIELD.

In the Continental United States, we deployed 15 mental health personnel to Tinker AFB, Oklahoma, to assist with crisis intervention counseling after the bombing of the Oklahoma City Federal Building. As 1995 closed, the AFMS deployed approximately 100 medical personnel to Germany, Italy, Hungary and Bosnia to establish medical staging operations and aeromedical infrastructure for the Peace Implementation Forces in Bosnia. These forces remain deployed in support of Operation JOINT ENDEAVOR.

In addition, Air Force medical personnel support ongoing rotations in Southwest Asia for Operations PROVIDE COMFORT, SOUTHERN WATCH, and DESERT STORM RECONSTITUTION; in Europe for Operations DENY FLIGHT and PROVIDE PROMISE; in Central America to support theater aeromedical evacuation and counter-drug operations; and in the Pacific to support Operation FULL ACCOUNTING.

Since our testimony last year, we have continued to restructure our medical readiness posture, with the aim of achieving more efficient deployment capabilities as we "right size." We have retained the successful deployment strategies, such as our air transportable hospitals and clinics, and our aeromedical staging facilities. We are, however, redesigning them to be smaller, lighter and more mobile. Currently, we have one test facility that requires one quarter

or less of the airlift of the ATH, depending on its configuration. The smallest we have tailored to test consists of 10 beds and fits in one C-141 instead of seven. To assist us in this reengineering effort, we are designing simulation models of our various contingency medical systems and applying operational research techniques to test, validate and refine the new unit-type codes (UTCs). Simulation modeling will provide us with a defensible, auditable, statistically accurate method to validate contingency medical systems with the appropriate mix of personnel and equipment to provide cost-effective, optimal patient care outcomes.

We are also adapting to the deactivation of most of our contingency hospital program as we reduce our forward medical "footprint." We deactivated approximately 1,800 Intensive Care Unit (ICU) capable beds from the program, and have about 200 prepositioned ICU beds worldwide. We have compensated for the reduction by structuring small ICU bed modules and other modules for worldwide deployment to augment our smaller ATHs. These modules are small enough to fit in one, or less than one, airplane and can be delivered by air anywhere the need arises. We believe this increases our ability to respond to contingencies more effectively, while minimizing the fixed costs of maintaining a large prepositioned footprint. In short, it allows us to deliver the right care at the right place and time.

The Aeromedical Evacuation (AE) system is undergoing changes to adapt to increasing demands in varied geographic areas. The U.S. Transportation Command (TRANSCOM) Regulating, Command, Control, and Evacuation System (TRAC2ES) finishes its first deployable system this spring. This system will allow us to provide patient in-transit visibility and to report on and track patient clinical status. This is especially useful as the patient movement requirement centers at Scott AFB, Illinois, and the theater decide on which available facility and bed best suits a particular patient, minimizing

negative patient outcomes. In addition, medical teams will augment the system to provide increased in-transit clinical support when there are situations where the in-place medical infrastructure is undeveloped. As an example, this is necessary at the beginning of a deployment where casualties may arise and medical facilities are lacking or limited.

We have also identified tri-Service standardized equipment for AE, called Patient Movement Items, that reduce duplication. We are establishing deployable kits and regional AE equipment centers that push equipment forward to the points of casualty needs and return it on the next patient pick-up airplane. We gain significant efficiencies by tracking and returning the equipment within the AE system. This eliminates the need for equipment management and reconditioning centers, which are out of the patient airflow, and results in a reduction of requirements and expenditures for buffer stocks.

We have asked the Air Force Air Mobility Command to review the AE patient airlift requirements as we reduce the available airframes. We have identified some potential aircraft of opportunity and are proceeding to redesign Civil Reserve Air Fleet medical inserts, called shipsets, to be adaptable to alternate aircraft. We have contracted for 19 aircraft already, and have added the C-9 fleet to the list of available theater aircraft for casualty evacuation.

Additional concerns center around the potential for biological warfare (BW) and chemical casualties and system contamination. We have identified capabilities that we believe are crucial to minimizing the impacts of BW on our personnel. We are developing a nuclear, biological and chemical team to insert into our bases to monitor health risks and impacts. In addition, we are building another team to provide ongoing in-place epidemiology and prevention activities, and a theater-wide consultant capability that can aggregate, compile and

analyze all the data. In the event that casualties arise, we also have an infectious disease team that we will use in central theater locations to manage the casualties in theater, rather than run the risk of evacuating infected patients to clean places and then creating outbreaks of BW agents.

The Air Force Blood Program is a critical element of our medical readiness mission. We continue to ensure our military blood needs will be met in any contingency by working closely with DOD and our sister Services. Recently, DOD completed deployment of the Defense Blood Standard System (DBSS) to all 51 medical blood transfusion, processing and distribution centers and deployed our first theater DBSS in support of Operation JOINT ENDEAVOR. The DBSS tracks key elements in the critical control of blood from collection to transfusion, thereby ensuring the safety of the blood supply and successful historical lookback for potential post-donation or post-transfusion investigation.

Despite the drawdown of active duty personnel, blood requirements in support of the many Operations Other Than War and peacekeeping missions have increased dramatically. Unanticipated requirements are double our routine peacetime requirements. We're pleased that the Air Force was able to meet the quota for collecting and freezing red blood cells to be sent to the Armed Services Whole Blood Processing Laboratory (ASWBPL) for further distribution to the frozen blood storage facilities. As a result of the drawdown, the fewer active duty donors available will cause diminished blood collections, directly affecting the blood products needed for peace, war or contingency. We will have to rely more heavily on collections from the satellite Blood Donor Centers (BDC), which will expand our donor pool. However, we also anticipate that the peacetime use of blood products in the continental United States will decrease as the smaller facilities downsize to "super" outpatient clinics. Of note: The Air Force is the only Service to have registered satellite collection sites aligned under the major host blood

collecting/processing facilities licensed by the Food and Drug Administration (FDA). We will continue with this alignment.

Another initiative that is unique to the Air Force Blood Program is the centralization of viral marker testing of blood collected from all BDCs, both satellite and host, to one FDA-licensed Air Force testing facility. Centralized testing will lower costs and reduce errors, increasing the safety of the blood supply. Other future blood program activities include the standardization of BDC operating instructions under the Air Force FDA license and the implementation and validation of the DOD standardized Digitrax automated blood labeling system. Digitrax is being installed in all licensed facilities. We expect installation, training, validation and implementation to be completed this year.

Air Force medical readiness training continues to improve the programs lauded by the DOD Inspector General in August 1994 as "by far the most effective Military Service initiative." We have consolidated our programs in one instructional reference, and they are managed by one body, the Medical Readiness Training Assessment Committee. This body recently instituted comprehensive semi-annual reviews of formal training programs in support of the DOD Medical Readiness Strategic Plan 2001. Committee representatives also participated in a DOD Health Affairs-sponsored panel to assess the medical readiness training needs of unified commanders. The committee is now working to incorporate the recommendations of this panel into Air Force training programs.

Other initiatives we've undertaken to improve medical readiness training include a consolidation of medical skills courses in support of the Medical Subcommittee of the Interservice Training Review Organization. Also, the AFMS is fielding a prototype

relational data base system, the Medical Readiness Decision Support System, which will have the capability to provide real time details on the status of training down to the unit level. Finally, and most importantly, we have undertaken a comprehensive, bottom-up review of medical readiness training to independently assess and ensure the vitality of our programs.

We are proud of our progress in implementing our Mirror Force program, a senior leadership initiative designed to unify active and reserve component personnel into a seamless, ready AFMS. Mirror Force is a combined effort of the active duty Air Force, Air Force Reserve and Air National Guard to optimize medical readiness by identifying issues, planning and integrating capabilities, and implementing change. We have found that having all parties work together under the same charter fosters a better exchange of information and insight into the unique aspects of the Air Reserve Component (ARC) system. This results in better solutions that enable us to truly operate as a Total Force. Mirror Force is aggressively addressing several key issues, such as enlisted training, recruiting and retention in the ARC, streamlining the privileging process for ARC providers in military MTFs, and properly identifying the dental classification of ARC members.

People

The most important factor in our medical readiness equation will always be our people. The AFMS continues to attract the highest caliber of health professionals through the outstanding efforts of the U.S. Air Force Recruiting Service. In Fiscal Year 1995, the Recruiting Service met or exceeded the Biomedical Sciences Corps, Medical Service Corps, Nurse Corps and scholarship recruiting goals. Medical special pays are having a positive effect on recruiting and retention of physicians, although we still have some difficulty attracting and keeping people in some provider specialties, such as family practice. The Certified Registered Nurse Anesthetist

incentive special pay has also helped us to recruit and retain these highly skilled professionals.

The Financial Assistance Program continues to be a resounding success, as it allows us to attract residents in difficult-to-recruit specialties. The Nurse Accession bonus is also a continuing success story, and we are delighted that Congress has extended this program through Fiscal Year 1997.

We continue to expand the quality transformation of our Graduate Medical Education (GME) program. Along with our sister Services, we are dedicated to maintaining the highest possible quality and efficiency of our GME training programs in this time of budget constraints.

The third tri-Service GME Selection Board conducted the first Joint Service Selection Board. Representatives from the three Services convened 10 panels to select 75 candidates for joint service positions in 10 different integrated GME programs. Inter-Service placement of trainees was a success this year as well. Recognizing the greater demand for primary care physicians as the Military Health Services System evolves into TRICARE, we increased our pool of family practice trainees to meet future needs. We continue to support the use of deferred training programs to augment GME programs as a cost-savings measure.

We are continuing to work with our sister Services to identify GME programs that can be consolidated to eliminate duplication and improve service. We identified 17 GME programs in the San Antonio, Texas, area for integration between the Air Force's Wilford Hall Medical Center and Brooke Army Medical Center. Seven programs have been integrated thus far, with two more programs in 1996, four in 1997, and the final four in 1998. Integration of duplicate programs enhances jointness interoperability and the training experience.

Another training program that we have found successful has been the DOD

Psychopharmacology Demonstration Project (PDP), from which the Air Force has graduated one fellow and in which two are in their second year. Although recent legislation has precluded enrollment of additional students, we feel that the program's overall effect has been positive. Patients have been receiving quality care from prescribing psychologists and have been highly satisfied. In fact, at Malcolm Grow Medical Center, Andrews AFB, Maryland, PDP providers have offered expanded services to some family members who otherwise would have been referred to Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) providers for psychotropic medication.

The first Air Force PDP graduate was credentialed in one day, and the first follow-up review by the facility credentials committee revealed no problems or concerns. In addition, evaluation of the program and provider performance by the American College of Neuropharmacology has been positive, especially following its visits to Malcolm Grow. Although current legislation does provide for an evaluation of the program, ensuring sufficient data can be collected to allow a valid evaluation of the concept may be more difficult without additional enrollment.

Health Promotion and Disease Prevention

The AFMS vision is to build a healthier Air Force community. Among the most effective tools to make this vision a reality are disease prevention, health promotion and fitness. We consider prevention a core value and a way of life. We are moving from "repair-oriented" care delivery to health "maintenance and enhancement" delivery. "Building Healthy Communities" is the name we have given to our Air Force-wide initiative to establish and maintain community-based outreach programs that promote health and facilitate healthy lifestyles. The initiative integrates community and individual responsibilities to reach an

optimum state of health and quality of life. Our goal is to leverage this approach to reduce illness, disability and premature death. To meet these goals we established three objectives that are the bedrock of our prevention efforts: (1) Educate Air Force people; (2) Systematically evaluate leading-edge technology and practices; and (3) Implement and manage proven programs.

Prevention is the cornerstone of both our TRICARE and readiness efforts. We have implemented the “Put Prevention Into Practice” (PPIP) initiative to facilitate delivery of preventive health services to all of our beneficiaries. With PPIP we consider every communication and visit with a beneficiary to be an opportunity to deliver prevention. The key aspects of PPIP include immunizations, age- and gender-appropriate screening tests (i.e.: pap smears, cholesterol, mammograms, etc.) and counseling on life-styles and health behaviors (tobacco use, nutrition, exercise, etc.). The PPIP initiative is a nationally proven program that was developed by the Department of Health and Human Services Office of Disease Prevention and Health Promotion, then adapted for Air Force use. Through PPIP we will be able to assist our members, retirees and their families in enhancing their health.

Prevention and evidence-based practice are the organizing principles guiding our effort to build healthier communities. Data-driven policies that emphasize disease prevention, health promotion and optimization of functional status guide our initiatives and programs. To be on the leading edge as we meet this challenge, we have tasked our Office of Prevention and Health Services Assessment (OPHSA), Brooks AFB, Texas, to identify state-of-the-art research and products to facilitate our paradigm shift. OPHSA is undertaking an economic and epidemiological analysis of the “health” of the Air Force. “Healthy Community Metrics” have

been identified to measure efficiency, productivity, utilization and quality of life.

OPHSA developed the Health Enrollment and Assessment Review (HEAR) to assist us with identification of the prevention needs of our members. HEAR summarizes the screening tests, health counseling, and immunizations patients require and facilitates delivery of these services.. Furthermore, OPHSA is exploring other venues to assist with additional automation of prevention delivery, to provide critical data and to improve performance of our program.

A fit and healthy force is imperative for sustainment of our missions. The Air Force Fitness Program, based on techniques developed by leading civilian exercise physiology and sports medicine experts, continues to improve the health and fitness of our active duty members. Using submaximal cycle ergometry, the program measures "VO2 max," the indicator of oxygen use by the body and the best predictor of the ability to work and maintain long-term health. Major improvements in the next year will allow us to deliver this program from our Health And Wellness Centers (HAWCs) under the supervision of trained exercise physiologists. The physiologist will provide tailored counseling and monitoring to help individuals improve their fitness and "Take it to the MAX," or "MAX their V02 max". We have enhanced the cycle ergometry software for better test standardization. A centralized Fitness Program Office at the Armstrong Laboratory, Brooks AFB, Texas, has been established to consolidate research and logistical support, ensuring better customer service, technical expertise and state-of-the-art science.

We are establishing HAWCs on every major Air Force installation. These facilities will serve as one-stop shops for fitness assessment, health risk assessment, tobacco cessation and other health promotion services. As we provide these services to move toward healthier

populations, we are exploring 21st Century, knowledge-based systems that support our health-conscious members. We want leverage technology to help beneficiaries enhance their knowledge through empowerment and self-care.

Our Family Advocacy Program (FAP) is a key player in our prevention strategy, as we seek to reduce family violence. The Air Force FAP continues to be the DOD leader in the prevention and treatment of spouse and child abuse. Its evaluation component, unique within both the military and civilian sectors, provides objective measures for programming and resourcing decisions. For example, the Air Force FAP pioneered the innovative and effective First Time Parents Program -- this program's demonstrated success led to congressional line-item funding for implementation of new parents support programs DOD-wide.

The FAP provides a comprehensive continuum of prevention programs and services that are reducing the severity of family violence. Our research clearly shows that these interventions with abusive and non-abusive families reduce child abuse potential, reduce distress, and increase family cohesion and marital satisfaction. As we continue to expand the continuum of prevention efforts, we believe we can further reduce the incidence of child and spouse abuse within the Air Force.

As a result of the Air Force FAP's innovation and leadership in the field of domestic violence, our programs are being modeled and implemented in the civilian sector. As we continue to export our technology, we will contribute to the development of healthy and violence-free military and civilian communities.

The Air Force also continues to reap preventive medicine benefits through the efforts of our bioenvironmental engineering community. Unique among the Services, our bioenvironmental engineers (BEEs) serve as the installation focal point for assessing a

complex array of potential workplace hazards to include chemicals, noise and radiation.

Working closely with our public health, health physics and occupational medicine personnel, our BEEs anticipate, evaluate and control health threats in the workplace to prevent occupationally related illnesses, optimize mission performance and readiness, and ultimately reduce compensation claims and disability payments. Recent initiatives in this regard include the implementation of the Hazardous Materials Pharmacy, which has already paid big dividends through improved tracking and decreased use of hazardous chemicals.

In addition to ensuring a healthy workplace, our BEEs are also critical in ensuring compliance with Occupational Safety and Health Administration (OSHA) and Nuclear Regulatory Commission (NRC) rules and regulations. Their programmatic approach in implementing regulatory requirements pertaining to lead-based paint, radiation, radioactive materials, asbestos, noise and chemical hazards represent a Service and industry benchmark in this important arena.

Similarly, in the environmental arena, our BEEs accomplish comprehensive environmental sampling of air and water to ensure compliance with Environmental Protection Agency (EPA) rules and regulations. In this capacity, they work closely with Air Force civil engineers to incorporate sound science and risk-based decision making into the Air Force Environmental Quality Program.

Prevention is absolutely essential to delivering high quality, accessible and affordable health care. By building healthier Air Force communities, we will facilitate military readiness, and at the same time, foster a healthier, happier, more fit beneficiary population. A key factor in meeting this goal, and one we have devoted increasing effort and resources toward in recent

years, is dental care.

We have made significant progress in caring for our families overseas through the Overseas Family Member Dental Program. The plan for Europe was fully implemented by August 1995 and the plan for the Pacific was approved in October 1995, and will be implemented by September this year. These plans consist of three components. The first is an overseas dental screening program for family members not enrolled in the TRICARE Family Member Dental Plan. The second requires the assignment of additional active duty dental personnel to locations in Europe and the Pacific to provide family member care. Third, to continue to meet the dental demands of active duty personnel stateside, contractor-provided dental teams (one dentist and assistant) will be hired to backfill vacant stateside positions created by the active duty dental personnel relocations to overseas positions. An additional 27 dentists and 54 assistants have been assigned to Europe and an additional 23 dentists and 46 assistants will be assigned to selected sites in the Pacific. As a result of this action, the quality of life for service members and their families overseas has been improved significantly by our increased ability to provide quality, accessible dental care.

We applaud Congress' success in authorizing a dental insurance plan for the reserve components. Efforts are already underway to determine the dental needs of reserve component members and to develop a plan that adequately meets their dental needs. Test sites have been identified that will enable us to proceed in finalizing a dental insurance program. This action will greatly enhance our efforts to create a total Mirror Force and will significantly improve the readiness status of the reserve forces.

The Air Force Clinical Investigations Program has played a major role for many years in the disease prevention arena as medical research continues to find new inroads into both clinical

and operational health problems. We are particularly proud of our efforts on behalf of the Defense Women's Health Research Program (DWHRP), in which the Air Force is a full player. The goal of this program is to enhance operational effectiveness and sustainability by minimizing health risks and optimizing health care for women in the Armed Forces and to facilitate the full integration of gender-specific considerations into Defense acquisition, force structure, training and operations.

Funds for this research program were identified to support research in Service laboratories and at civilian institutions. Several studies were submitted by investigators addressing both clinical and operational health issues affecting women in the Air Force. Funding for these studies totaled more than \$1.4 million with the research addressing operational factors such as female acceleration tolerance, deployment-related stress in women vs. men, female flight suit design and female adaptation and performance at high G. Several additional clinical studies addressed health issues related to the work environment and new operational roles for women. The Air Force is extremely proud of its record of integrating women in all specialty roles and will continue to seek opportunities to perform research necessary to ensure a safe and healthy environment for all service members.

Aerospace Medicine

The roots of our Air Force Medical Service (AFMS) are found in the direct operational aeromedical support for our deploying warfighter squadrons. This is provided through the squadron medical element, which must sustain its leadership in providing direct care and performance support to our first deployers. This support keeps the fighting force fit and ready for contingencies and enhances mission capability. By maintaining flight status and thus

experiencing the operational environments of our warfighters, flight surgeons are able to sustain world leadership through the application of aeromedical knowledge to human systems improvements for Air Force operations. World leadership in this aerospace medicine practice is achieved and sustained through comprehensive training of aerospace medicine specialists at the USAF School of Aerospace Medicine, Brooks AFB, Texas. Recent improvements in the curriculum have provided graduates with world-class expertise in aerospace, occupational and preventive medicine.

Integration of aerospace medical practice with aviation and space operations provides the insight to identify deficiencies and operational problems that require human systems integration or human factors solutions. The AFMS includes a small but important group of pilot-physicians, individuals uniquely qualified to explore solutions for human systems deficiencies. Their input is often critical in the resolution of some of the more difficult problems. Other examples of integration challenges include night vision systems, acceleration protection, wear of contact lenses, fatigue countermeasures, laser eye protection and fitness for duty determinations.

The Human Systems Center and its Armstrong Laboratory, Brooks AFB, Texas, is charged with sustainment of world leadership in aeromedical research and development and human systems technology. The Surgeon General must be proactive within the research, development and acquisition (RD&A) communities to ensure adequate attention and resourcing is given to this critical mission support area. Aeromedical research directly contributes to advancing technologies that enhance warfighter capabilities, survival and sustainment. Protection from extreme operating environments and performance within highly complex and technologically advanced weapon systems demand an active research strategy to retain a competitive edge. A great deal of work is still needed to improve human systems integration

from "cradle to grave" in weapon systems research, development, test, evaluation and acquisition (RDTE&A).

TRICARE

I am pleased to say that implementation of TRICARE is well under way in the AFMS and the entire Military Health Services System (MHSS). We have come a long way in the few years since TRICARE was first conceptualized and national health care reform became a national priority. Today, the MHSS is more than halfway to achieving our goal of a fully operational managed care system.

The contracts awarded so far represent a more than \$8 billion investment in an improved health delivery system for our military beneficiaries. The positive feedback from our Lead Agent staffs and, more importantly, our patients already participating in TRICARE is very encouraging. Clearly it demonstrates that our new managed care program is meeting the challenge to provide high quality, accessible and cost-effective health care.

TRICARE delivery began in March 1995 for Region 11, the first TRICARE implementation site, which is managed by the Army lead agent at Madigan Army Medical Center, Washington, and encompasses the states of Washington and Oregon. Results from beneficiary focus groups in the region conducted by a private contractor confirm that our customers feel TRICARE offers improved access and continuity of care. In a smaller telephone survey, McChord AFB Clinic in the state of Washington, one of our Air Force medical treatment facilities (MTFs) in the region, enrollees reported a high rate of satisfaction for both primary and specialty care.

Region 6, managed by the Air Force lead agent at Wilford Hall Medical Center, Lackland

AFB, Texas, one of four Air Force lead agents, became operational in November 1995. While it's too early for beneficiary satisfaction survey results in Region 6, the initial response to TRICARE has been outstanding. More than 100,000 beneficiaries have enrolled in TRICARE Prime -- higher than 70 percent of the projected first year enrollment numbers.

At the present time, Region 10, headed by a second Air Force lead agent, at David Grant Medical Center, Travis AFB, California, is transitioning from Aetna Government Health Plans, the current contractor, to Foundation Health Services, who will begin delivering health care on April 1, 1996. Both incoming and outgoing contractors are working closely with our MTF staffs to ensure the transition of care for eligible beneficiaries is as transparent as possible. This situation is unique because, unlike other regions, Northern California has a history of managed care experience. Before award of the contract, health care delivery was provided under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Reform Initiative (CRI) demonstration project. Therefore, our beneficiaries in the region are quite accustomed to managed care, facilitating the transition. To date this transition to the new contract has been a positive experience with only minor difficulties, which we expect to be resolved subsequent to the contract start date. The one problematic area in that region was transition to the Uniform Benefit, which occurred Oct. 1, 1995. The cost of enrollment seemed harsh to those who had previously not experienced this charge under CRI.

Region 4, our third Air Force lead agent, is located at Keesler Medical Center, Keesler AFB, Mississippi. The Department of Defense announced the award of the new TRICARE Managed Care Support Contract for both Regions 3 and 4 on Nov. 28, 1995, to Humana Military Healthcare Services, Inc., of Louisville, Kentucky. The planned start date for health care delivery is July 1, 1996, and the Region 4 team is busy meeting with the contractor and

formalizing the plan for the delivery of health care in the region.

Region 5 is the fourth Air Force lead agent, located at Wright-Patterson Medical Center, Wright-Patterson AFB, Ohio. The contract award date for the region is slated for July 1996, and health care delivery is scheduled to begin on May 1, 1997. The region has completed all requirements for data collection for the contract ahead of schedule. The Regional Health Services Plan was approved by the Region's Board of Directors and the Office of the Assistant Secretary of Defense (Health Affairs). The Request for Proposal (RFP) has been released.

Because it is a joint function, I will also address implementation in Region 1, located at Walter Reed Medical Center, Washington, D.C. The lead agent function is jointly shared among the commanders from Walter Reed; Malcolm Grow Medical Center, Andrews AFB, Maryland; and the National Naval Medical Center, Bethesda, Maryland. The Chair rotates among the Services on an annual basis and is currently occupied by the Air Force. The Request for Proposal (RFP) was released on January 16, 1996, and the contract is scheduled to be awarded on the same date as Regions 2 and 5 -- in Summer 1996. A number of initiatives involving interservice cooperation are paving the way for military managed care within the Region. Extensive collaboration on the part of the Services has already resulted in several model programs that support the TRICARE spirit through the exchange of resources.

Based on "lessons learned" from our TRICARE contracting experiences, the TRICARE Executive Committee, composed of all the Service Surgeons General and the Assistant Secretary of Defense (Health Affairs), recently approved implementation of revised financing in TRICARE Regions 1, 2, and 5. Under this new financing approach, the MTFs will receive up front CHAMPUS dollars on a capitated basis for all CHAMPUS-eligible beneficiaries

who enroll in the MTF. This means the MTF commander is at risk for his or her enrollees, and has more responsibility and incentive to manage their care more efficiently. Implementation of the revised financing methodology requires that both the Composite Health Care System (CHCS) and the Ambulatory Data System (ADS) be operational at all medical facilities within those regions.

I am happy to say we have made tremendous progress in deploying information systems to our Air Force MTFs. CHCS is now in place at 81 out of 85 of our facilities. Patient appointment and scheduling, patient administration, pharmacy, laboratory and radiology CHCS functions are deployed to all Air Force medical centers. A deployable version of CHCS has been developed by the Medical Systems Implementation and Training Element (MEDSITE). The initial deployment was fielded at Guantanamo Bay, Cuba, in support of Operation SEA SIGNAL. Another deployment is currently underway in several locations in the Balkans to support Joint Task Force Eagle, part of Operation JOINT ENDEAVOR.

We are also rapidly deploying the CHCS managed care program module to all our MTFs. This module provides an enrollment information systems platform for recording enrollment in TRICARE Prime and making specialty referrals and appointments. We expect deployment completion of the managed care program module by the end of Fiscal Year 1996.

Those sites with the managed care module are beginning to enroll active duty members into TRICARE Prime and assigning them to a primary care manager in the MTF. This early enrollment, before the start of the managed care support contracts, ensures our active duty members receive the highest priority for care in our hospitals.

There are additional examples of our systems technology. The Nutrition Management System, which supports nutritional medicine operations in inpatient facilities worldwide, has

been fully deployed at 19 Air Force sites. Deployment of the Defense Blood Standard System (DBSS) to 54 Air Force sites was completed in October 1995. Deployment of the Theater version of DBSS has begun and will continue through Fiscal Year 1997. Deployment in the Continental United States (CONUS) of the Ambulatory Data System (ADS), designed to collect ambulatory outpatient data, began in May 1995. ADS will facilitate third-party outpatient billing and utilization review under a managed care system. Implementation of ADS was completed in November 1995, except Regions 1, 2, and 5, which will be completed by May 1996.

Additional systems, like the Provider Work Station and the Clinical Information System (CIS) also capture essential patient data, assisting Air Force Medical Service (AFMS) personnel to improve quality and effectively manage information. We appreciate Congress' support of the Provider Work Station and believe the CIS will prove equally valuable. This system focuses on capturing clinical care data and measuring performance against national standards. Further, CIS can interface with CHCS and other automation systems.

To complement our own automation systems, the AFMS strongly supports the use of Commercial Off-the-Shelf (COTS) products where they meet our needs. Several applications lend themselves to COTS. These include blood and anatomic pathology, patient care documentation (nursing), third party collection, Operating Room scheduling, and managed care decision support software. All of these systems tools I have described are vital as we implement our state-of-the-art managed care program, TRICARE.

TRICARE is a partnership involving all Federal health care agencies. We continue to seek out new opportunities for joint ventures and sharing agreements with the Department of Veterans Affairs (VA) hospitals wherever feasible. Last year, DoD and the VA signed a

memorandum of understanding that allows the VA to participate in TRICARE networks.

Already, the VA has entered into two such arrangements and is considering a third. Also, DOD now has three demonstration sites where the VA serves military beneficiaries as CHAMPUS providers. These programs save money and increase access to care, a "win-win" situation for both our patients and the taxpayers.

Our joint ventures with the VA continue to develop. Our most mature site at Kirtland AFB, New Mexico, has been followed by our newest one at Nellis AFB, Nevada. While we've had some growing pains there, we and the VA are quickly expanding that hospital's capabilities to better serve our patients. We are also planning for a joint facility at Elmendorf AFB, Alaska. That site will include not only the VA, but the Bureau of Indian Affairs and the Coast Guard as well. Sharing arrangements are also in place between many other Air Force and VA facilities. In Fiscal Year 1995, the Air Force participated in 169 sharing agreements at 60 different MTFs.

TRICARE will of course be available to those beneficiaries living in Base Realignment and Closure (BRAC) sites. Until TRICARE has been implemented in their respective locations, beneficiaries will have several health care alternatives. In addition to the standard CHAMPUS, CHAMPUS contracts are modified for BRAC locations to provide a preferred provider organization type of option, as well as a retail pharmacy network with reduced patient cost-sharing. Military beneficiaries who are age 65 and older and living in BRAC sites where the benefit is offered are eligible to use the retail pharmacy networks.

A mail-order pharmacy demonstration program is in place in several designated locations throughout the country, to include California and Hawaii; two tri-state regions (Florida, Georgia and South Carolina; and Pennsylvania, New Jersey and Delaware); and 12 designated

BRAC locations that are not covered by an existing at-risk TRICARE managed care support contract. The demonstration will be expanded to two additional multi-state regions, and will ultimately be available nationally under the TRICARE support contracts. Last year, Congress also expanded the program to include Medicare-eligible beneficiaries who can demonstrate reliance on a BRAC site MTF before its closure.

We continue to explore "right-sizing" initiatives at all Air Force MTFs in an effort to ensure they are cost-effective and sized appropriately to meet the medical needs of the community and the region in which they operate. We realize that we may no longer need or have the manpower available to have a small Air Force hospital at every base, especially in regions where Tri-Service sharing of resources is possible, or a Managed Care Support Contractor has built an extensive civilian provider network capable of providing services at lower cost. These decisions will be based on a business case analysis and on whether it is more cost-effective to "make or buy" these services. But the bottom line will always be support to medical readiness and our patients. Providing medical support to our warfighters and our Air Force families is job number one. Quality of life for our Air Force members will always be at the center of any decision made by the AFMS.

As we continue to deploy TRICARE, the AFMS stands solidly on its foundation of quality care. The quality of our product has never been better, as attested to by various civilian health care organizations. For example, the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) reports that the average scores of Air Force hospitals and clinics continue to be higher than the overall national average for the JCAHO survey. Also, the AFMS participates in the Maryland Hospital Association Quality Indicator Project, which

determined Air Force inpatient facilities consistently perform as well or better than the aggregate average of other participating facilities. We are extremely proud of our medical professionals, who are top-notch in their fields. Of our total number of Air Force physicians, 53 percent are board-certified, as compared to the overall DOD rate of 45 percent. In fact, there are many similar examples of the outstanding quality of AFMS personnel throughout our five corps and the enlisted ranks.

We are confident that the AFMS has the knowledge, skills and talent to make TRICARE a success. We are committed to making it the best health care system it can possibly be, and are very encouraged by our progress to date. We believe TRICARE is the way of the future that will enable us to provide high quality, accessible and cost-effective health care to our patients, who so richly deserve it. We also recognize that there are some difficulties with the program, most of which will be worked out with time and experience.

One significant issue is care for our Medicare-eligible beneficiaries. Today, Medicare-eligible beneficiaries continue to receive care in MTFs on a space-available basis. However, space is becoming less and less available as our MTFs close and as the competition for military medical facility access increases.

We are currently examining an option to resolve this issue. In addition to continuing to allow these patients to be served on a space-available basis in our MTFs, discussions are currently underway with the Administration to determine the feasibility of a new demonstration where DOD would maintain its current level of effort and would expend those funds first; then turn to the Health Care Financing Administration to cover additional dual eligible beneficiaries who choose to enroll in TRICARE Prime.

We also have real concern over some alternatives to TRICARE suggested by various

individuals and groups. One of those alternatives is the Federal Health Benefits Program (FEHBP), the program offered to other federal employees. Interestingly, one complaint voiced by some military beneficiaries is that TRICARE, with its triple-option benefit, is too complex. However, the FEHBP, with more than 350 plans nationwide to choose from, would be much more difficult for our beneficiaries to understand. More importantly, the AFMS cannot in good conscience support this alternative because of the financial burden it would place on our Air Force families.

The costs paid by the beneficiaries for the FEHBP could be considerably higher than costs under TRICARE. Under the current FEHBP system, where the government pays approximately 72 percent of the premium and the beneficiary picks up the remaining 28 percent, typical out-of-pocket costs for a family of four range from \$1,510 to \$2,460 for HMO-type plans similar to TRICARE Prime. DOD estimates the average out-of-pocket costs for an active duty family under TRICARE Prime to be only \$110 to \$160. DOD would need to provide a substantial subsidy to offset the higher FEHBP premium expenses in order to make these plans a cost-effective alternative for our beneficiaries. The July 1995 Congressional Budget Office report, *Restructuring Military Medical Care*, estimates it would be \$4.8 billion more expensive to the government to subsidize FEHBP premiums for military families at the TRICARE Prime rates.

We do not support the FEHBP as a viable alternative to TRICARE, not only because of complexity and the increased costs. We also feel strongly that it would threaten medical readiness, the very reason for our existence: to provide support to the Air Force warfighting capability. As addressed in the CBO report, financing an FEHBP option would require

significant downsizing of the MHSS, affecting our readiness baseline. We must guard against any effort that would jeopardize the health and well-being of our troops in battle.

We in the Air Force Medical Service are extremely proud of our record and are committed to sustaining our hallmark of quality care in the challenging years ahead. Through the application of the proven managed care principles of TRICARE, Air Force medicine will only grow better and stronger. TRICARE is the most fundamental change in military medicine since the introduction of CHAMPUS three decades ago. We feel it will exceed the needs of our beneficiaries by providing the highest quality and most cost-effective medical care available in the world today and into the next century. And it will ensure Air Force medics have the training and state-of-the-art skills needed to perform our wartime mission.

I extend my deep appreciation to the members of this committee for their support of Air Force medicine. With your help, the AFMS will continue to be a leader in both the military and civilian health care sectors, offering knowledge and solutions to today's challenges that only the unique talents of the Air Force can provide.

QUALITY OF LIFE ISSUES

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Tuesday, March 12, 1996.

The subcommittee met, pursuant to notice, at 2:05 p.m., in room 2212, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Subcommittee of Military Personnel will come to order.

What a distinguished panel we have today. Ladies and gentlemen, my recent trip to—let me get the date on the record here—March 12, 1996, the day I passed my pilot training test almost half a century ago, 1954—my recent trip to Bosnia reinforced my longheld view that the men and women who make up our Armed Forces are, by far, among the best that America has ever had to offer. They are superbly-trained people, motivated and dedicated, doing the best job possible under some of the most difficult conditions one could imagine.

Simply because they are so good and we have repeatedly sent them in harm's way, I believe it is imperative for readiness as well as for our continued ability to recruit and retain these superb people that we keep the quality of life promises we had made to them. Last year as part of fiscal year 1996 National Defense Authorization Act, both the Department and this subcommittee made a substantial downpayment on a range of quality-of-life commitments.

As a result, for example, significant resources were added or initiatives taken in pay and compensation, recruiting, personnel TEMPO, active duty end strengths, and health care. The challenge for both the Department of Defense and our Congress is to sustain these commitments in 1997 and subsequent years.

The purpose of the hearing today, then, is twofold. First, to examine a range of quality of life issues to include the findings and recommendations of the Defense Science Board's Task Force on Quality of Life. And second, to determine the administration's commitment to continue the badly-needed initiatives begun in 1996.

One of the key initiatives that this subcommittee took in 1996 to end the drawdown to ameliorate the effects of high personnel TEMPO, and to insure that the military service had sufficient personnel to carry out the national strategy was to establish active duty in the strength floors at the bottom-up review levels. For that

reason I find it disturbing that the Department's prepared testimony proclaims the end of the drawdown, and yet fails to address the DOD projections that indicate the drawdown will continue after fiscal year 1997 to levels below the BUR-required force.

Thus, perhaps as early as 1998, DOD apparently will fund an Army end strength of only 475,000, a full 20,000 below what the bottom-up review required and Congress mandated. The Air Force will continue drawing down to at least 6,000 below the BUR levels, and the Navy will drop at least 1,000 below BUR levels.

One thing that such reductions suggest is that the Department has made the explicit decision to trade off manpower in the out years in order to generate sufficient modernization funding. Secretary Perry has hinted at this in the news media. Therefore, for the sake of maintaining credibility with the men and women in uniform, DOD must stop proclaiming an end to the drawdown and state explicitly when the manpower cuts will end.

And added to this, some of us have taken due note in the press of—I don't know if "leaked" is the right word, but the stories that the Chairman of Joint Chiefs made a losing but strong plea for modernization to start this year, and to continue at a fairly robust rate if we are to enter the 21st century with a technologically modern fighting force.

We on this committee need clarification from DOD as to the implications of a continued personnel drawdown will have for our national strategy, quality of life, and personnel TEMPO. Moreover, if this outyear reduction and end strength is a conscious decision by the Department, how does the Department explain such a reduction when it directly conflicts with the end strength floors codified by our Congress. If the end strength reduction is not something that DOD consciously adopted or directed, how does DOD explain its apparent willingness to permit an individual service like the Navy or the Air Force to drop below congressionally mandated floors.

In another area, we also need to understand how DOD plans to meet its promise of last year to help military personnel living off post to eventually reduce their out-of-pocket expenses for housing to a level of 15 percent of total cost. To that end, DOD committed more than \$200 million. Congress added \$62 million in the fiscal year 1996 budget.

So while I congratulate DOD for the 1996 effort, and for the inclusion of a 3 percent military pay raise this year, I am concerned that the 1997 budget request does not substantially further reduce out-of-pocket housing costs. That was to be a 6 year plan.

Before I introduce our first panel of witnesses, I would like to give Mr. Owen Pickett of Virginia, our vice chairman, ranking democrat, an opportunity for any remarks that he might wish to make.

Mr. Pickett.

STATEMENT OF HON. OWEN B. PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Thank you, Mr. Chairman. Your concerns about the need to sustain the quality of life is well placed. Just about a year ago this subcommittee heard testimony from a range of DOD wit-

nesses who expressed concern about the impact of the high pace of operations on a reduced number of military personnel. DOD plans to continue the drawdown below the bottom-up review levels mandated by Congress, is indeed cause for concern.

End-strength reductions will not only be an issue after fiscal year 1997, but they also should concern us in this year's budget debate. For example, the Navy apparently plans to end fiscal year 1996 with an end strength some 3,000 below what Congress authorized, and will then end fiscal year 1997 some 2,500 personnel below their 1995 projection. And looking at the Air Force, we see that they plan to end the fiscal year with an end strength of 7,000 below the 1995 projection.

There is nothing to indicate that the pace of operations in 1996 or 1997 is expected to be reduced from 1995 levels, so the Navy and Air Force accelerated drawdowns are somewhat of a surprise. And I think we will be interested in the services' explanation and assessments of the resulting impact on personnel TEMPO.

I also look forward to the testimony of the witnesses from the Task Force on Quality of Life. They had a better opportunity than most folks to get a real sense of what's going on in the field and to base their recommendations on that first hand input.

Since not all the military services have adopted the Task Force's recommendation for measuring personnel TEMPO—and I think that has been expressed as one day away equals one day away—I think we need to understand the rationale that led to this recommendation as well as service rationale, particularly in the case of the Army, for not adopting it.

I have other issues on my mind, Mr. Chairman, but I will address them in questions following our witnesses' testimony, and I look forward to their remarks.

And I want to extend a special welcome to my old friend, Jack Marsh, who is back with us today; and Admiral Smith, it's good to see you again, too.

Mr. DORNAN. Thank you, Mr. Pickett.

Our two witnesses on panel one both served as members of the Defense Science Board's Task Force on Quality of Life established by Secretary of Defense Perry.

We welcome the Honorable John O. Marsh, Jr., former member of the United States Congress.

Ten year member; right?

Mr. MARSH. Eight years, four terms.

Mr. DORNAN. Eight years, four terms. That's worth two Ph.D.'s in political science, of course, or two and a half.

Former Secretary of the Army for a full 8 years, 1981 to 1989, Reagan years. And I can say, without fear of contradiction, one of the best secretaries of the Army in two centuries, the Army being one year older than the country; that's saying something. And more recently the chairman of the aforementioned Task Force of Quality of Life.

At your strong left arm is Admiral William D. Smith, U.S. Navy Retired, formerly Senior U.S. Military Representative to the NATO Military Committee from 1991 to 1993; Director of the Navy Program Planning, 1987 to 1991; and currently Senior Fellow Senator for Naval Analysis on the Quality of Life Task Force. Admiral

Smith focused on personnel TEMPO issues, and I think we are going to learn a great deal about that from both of you gentlemen.

Mr. Marsh, you may please begin, sir.

Let me ask you one question before you do. Your older son is the Army doctor?

Mr. MARSH. He was the Special Forces Surgeon with the Ranger Task Force in Somalia.

Mr. DORNAN. One of our top, top, combat doctors, a hero with a capital "H" taking care of our men who were torn up in the fire-fight from hell, October 3rd and 4th, and he was wounded three days later on the 6th?

Mr. MARSH. He was wounded on the 6th.

Mr. DORNAN. Where is the doc now?

Mr. MARSH. He's still in the Army. He's stationed at Fort Eustis. He is still in Special Forces.

Mr. DORNAN. Great. Please give him the respect of the entire U.S. Congress.

Mr. MARSH. I appreciate your inquiry about him, Mr. Chairman.

Mr. DORNAN. Please proceed, Mr. Secretary.

STATEMENTS OF HON. JOHN O. MARSH, JR., FORMER SECRETARY OF THE ARMY AND CHAIRMAN, TASK FORCE ON QUALITY OF LIFE

Mr. MARSH. Mr. Chairman, if it would suit the committee, I would like to summarize my opening statement; file it for the record. And if I might, because Admiral Smith was the cochair of the TEMPO Committee, let him participate in an opening statement, and he will focus on the TEMPO dimensions of the report of the Task Force.

I would not begin my statement without first thanking this committee for the long and sustained interest and help that you have given to the United States Armed Forces, and also to thank you individually and collectively for the help and assistance that you gave me during my tenure as Secretary of the Army.

Our report is really our opening statement.

As you indicated, Dr. Perry established the task force in 1995 in the fall. It's an indication of his commitment to quality-of-life issues. He asked me to chair it. He required that it be a bipartisan committee, and you will notice that membership included the former Secretary of Air Force under President Reagan, former Secretary of the Navy under President Bush, and also the Assistant Secretary of the Army and Air Force in the Bush administration.

He asked us to look at three areas. One was housing, which is really the first priority. Secondly was TEMPO, the reserves also that might help alleviate some of the TEMPO of the active force. The personnel TEMPO issue was a major issue. The subcommittee was cochaired in that area by Admiral Smith. And the third and final area that he asked us to address was the area of community services.

Our inquiry indicated that there are actually what we call the Big Five. There are five major issues that affect quality of life that you find in all services. The first of those is pay; second is housing; the third is TEMPO; the fourth is child care; and surprisingly, the fifth was educational issues.

The task force completed its report on the 19th of October. We are no longer functioning as a task force. We completed our work. The methodology may be of interest because it bears on the hearing today. Dr. Perry established the external task force, and he also created internally in the Department of Defense the internal or an executive committee for quality of life chaired by Assistant Secretary of Defense Fred Pang, who will testify later today, and he will describe the composition of his committee.

It was Dr. Perry's aim and goal that the report not gather dust, but that we address or pass on to his executive committee the observations as they were raised by the committee. And I would tell you that there has been a great deal of response to that, even while the committee was functioning.

Now, I would also tell you that we had enormous cooperation from all of the members of the department, both military, the services and the civilians. The travel was extensive by the committee, both in CONUS and OCONUS, visitation to many various bases, all services here and abroad.

And our task force group was made up of 20 some people, and I believe that Ms. Kidd, who is a member of the task force is present here today. She was the president of the National Military Families Association, and we welcome her.

Here are some of our observations. First, the primary mission of the U.S. Armed Forces is to fight and win the Nation's wars. Quality of life is a means to an end. It is not an end to itself. And as you observed, we have the finest forces in the world, and that occurs because people are the key.

If I were to make an observation, I would say that the 1980's were the years—that was the decade of recruiting to quality. The 1990's, I believe, the challenge will be retention of that quality. There is uncertainty in the force because of downsizing, and although our forces are smaller, they are deploying more. There is an increase in TEMPO. It is uneven. It varies from service to service and unit to unit.

I would be remiss if I did not point out our observations indicate that the Air Force has been a model both in quality of life standards and also in utilization of reserve components.

We recognize that there is a balance between modernization and quality of life, and I would also point out that some of the issues are very crosscutting as far as this jurisdiction of this committee is concerned, particularly in the area of housing. There is an interrelationship between community services, housing and TEMPO. The force reflects the demographics of America today. About 62 percent are married, and among married, some 65 have working spouses in the family.

It's our observation that recruiting is becoming difficult and will remain a challenge.

I would point out to the committee several points that went a little beyond our charter. One, we found an enormous problem in the infrastructure, and I'm referring to sewer, water, electrical of our facilities in bases in all services. What bowling alleys were 20 or 25 years ago, the armed forces physical fitness centers are today an enormous area of interest, and one that we think deserves special attention by this committee.

And I would also point out to you, Mr. Chairman, that as our forces become more joint, they become more aware of the disparity which exists inside of our armed forces and how quality of life may vary in the service.

Please understand, and I'm sure you do, ours are simply recommendations to the Department of Defense. I have every reason to believe that they are being thoroughly considered, vigorously worked. Many of them have been implemented, and others are under consideration, and I'm suspect will be referred to the Congress.

It's a pleasure to come back and see old colleagues, my good friend Congressman Montgomery, for whom I worked for many years, the father of the Montgomery Bill of Rights. And Owen Pickett, a fellow Virginian, and to greet your new member.

I thank you for the opportunity, and I would like to at this time discuss the TEMPO portion and his own remarks, which I would defer to Admiral Smith.

[The prepared statement of Mr. Marsh follows:]

STATEMENT OF
THE HONORABLE JOHN O. MARSH, JR.
CHAIRMAN, DOD TASK FORCE ON QUALITY OF LIFE
BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
OF THE
HOUSE NATIONAL SECURITY COMMITTEE
12 MARCH 1996

CONGRESSIONAL TESTIMONY

Let me first take this opportunity to express my sincere appreciation for the efforts you have put forth on behalf of our Armed Forces. As a veteran of World War II and a former member of Congress as well as having many years of Federal, Legislative and Executive Service, I can assure you that the men and women in our Armed Forces and all members of the Task Force sincerely applaud your efforts.

In November of 1994, Secretary of Defense Perry announced the Administration's plan to add \$2.7 billion dollars to the Defense Budget over the next six years. These funds were aimed directly at improving the quality of life of members of America's Armed Forces and their families. This action was a direct result of the recognition of an iron logic linking Quality of Life and readiness. It is further recognized that Quality of Life is only one part of the equation that results in a quality, modern fighting force. Quality of life is a means to an end - not an end unto itself.

It is very apparent the Secretary of Defense is deeply committed to Quality of Life matters and held them in the highest priority. In December of 1994, Secretary Perry asked me to chair a Defense Science Board Task Force comprised of distinguished individuals and supported by a very experienced and knowledgeable group of technical and resource advisors, experts in the fields of

housing, military operations and community and family services. (A list of the members is attached.)

The Secretary wanted a bipartisan panel, and you will note Secretaries of the Army and Air Force appointed by President Reagan, a Secretary of the Navy appointed by President Bush and an individual who served as both an Assistant Secretary of the Army and Air Force also appointed by President Bush. Also included was former minority leader of the House of Representatives, the Honorable Robert Michel who served actively as counselor to the Task Force.

We were charged to conduct a thorough review and provide the Secretary with recommendations on how to improve the quality of life of our military personnel, their families and civilian employees within the Department of Defense. In the original tasking (orally) Dr. Perry observed that he did not want a study to gather dust on a shelf. Rather he wanted to see how it might be quickly considered and possibly implemented. To achieve that end he established, in the office of the Secretary of Defense, a high level executive committee to work with the Task Force to exchange ideas as well as expedite workable recommendations. This internal Executive Committee is chaired by Assistant Secretary of Defense Fred Pang, whom you will be speaking with later today.

The Task Force charter directed that special attention be paid to the following areas:

- Improving the way we house our people; on and off post, married and single.

- Improving the way we manage our people to reduce personnel turbulence.

- - As a subset of this tasking we were also asked to examine how the Reserve Components might be better utilized to reduce or alleviate personnel tempo.

- Improving the way we deliver community and family services.

I would point out, we found all these issues to be inter related, for example Housing concerns do impact on tempo issues.

The Task Force organized into three separate sub-panels to focus on Housing, Personnel Tempo and Community Family Services. It was clearly evident that first priority of the Task Force would be issues that related to housing.

For nearly a year, the Task Force traveled, observing and discussing living and working conditions with Service men and women around the world. The Task Force visited over 30 geographic locations and over 40 separate commands in and out of the United States, held more than 30 Town Meetings, ranging in size from 20 to 1,000 attendees, and were presented with personal testimonies and anecdotal evidence from Service members and their families reinforcing what the Task Force had seen. Service members are becoming more and more aware of the disparity among the services in the quality of life they provide their members. During the Task Force's travels they were presented

with disparities in the manner different Services housed their people, paid allowances, credited leave and paid tuition assistance.

On the 18th of October 1994 the Task Force concluded its tasking and presented Secretary Perry our finished report. Copies of which we have provided to you today. At this time, I would like to have Admiral William D. Smith give a brief synopsis of our findings in the area of PERSTEMPO:

It was immediately apparent that we still retain the best fighting force in the world; and the busiest. At every location we saw evidence of Service members and their families reaching deep into their emotional reserve to cope with the pace our Forces are setting today. Since the end of the Cold War and with the draw-down on active forces, more is expected now of our Armed Forces than ever before. The active force has shrunk 28% but Joint exercises and Service unique training have continually increased. Air Force and Army units that were formerly forward deployed are now CONUS based and forced to contend with accelerated deployment schedules that separate them from their bases and families in many cases more than 180 days a year.

Much of this time away is driven by the world situation and cannot be helped. Service members feel that the actual deployments to serve real world missions are not what is stressing their limits; it is the multiple, continuous short and many times redundant training and temporary duty assignments between

the deployments. They felt this time away was not recognized properly. The Task Force identified some ways of relieving the operational tempo and providing some relief to the stress our Service members are forced to cope with.

Among these were:

- Count each day away, whether in the field at home base training or away, as a day away and pay a daily separation allowance for each of those days rather than after the required 30 continuous days under the present regulation.
- Combining Joint and Service unique training to achieve the desired objectives simultaneously.
- Better utilize the Guard and Reserve to relieve the perstempo of the Active component.
- Capitalize on modern technology like simulation to reduce numerous field exercises and distance learning to reduce temporary duty assignments to schools at separate geographic locations.
- Ensure non-deployable personnel policies are enforced.

The Task Force was very concerned about housing. In fact it is the highest priority of our report. Before I talk about Housing I feel it is necessary to talk about the infrastructure of many of our bases. Task Force members identified a critical situation with the basic infrastructure on many of our older bases - some water, sewer and road systems dating back to the early 1900's and this ties in directly to the way we house our people. We saw many instances

where housing - and when I say housing I mean both family housing and barracks - was inadequate, too small, poorly maintained and located far away from a Service member's place of duty. Substandard plumbing, heating, cooling and electrical systems made daily activities a chore. The Task Force concludes that these conditions had a detrimental effect on morale.

35% of our military families live in 387,000 Department of Defense owned or leased homes - 64% have been classified as unsuitable for a variety of reasons. 82% of our single and unaccompanied members live in bachelor housing - 62% of which is considered substandard due to overcrowding, poor condition and lack of amenities. Some 15% of military families living off base are in private sector homes considered unacceptable under current department criteria.

The Task Force found the delivery system of military housing so intrinsically flawed that it recommended the entire system be replaced by a Military Housing Authority. This proposed authority, similar in concept to numerous quasi-governmental agencies already existing in 49 of 50 states, is envisioned to be a thin, umbrella organization which manages all aspects of the military housing delivery system.

With spouses deployed more often a desire for increased security, camaraderie and facilities access has manifested itself in an increased desire to live on base. The term "Housing" has come to mean more to service members

than just where they sleep. Whether single or married, safety and accessibility to amenities that can be expected in the civilian community or on sister service bases such as quality schools and fitness centers are equally important to where they live in these demanding times. Of special note, on all visits the Task Force observed and heard testimony on the importance that fitness centers have in our Service members' and their families' lives. Base fitness centers and especially shipboard fitness centers are an area of high priority that provide a tremendous amount of results from a modest investment.

This increasing demand on our service members has an additional cost. Growing financial difficulties, increasing instances of domestic abuse place a heavy burden on support services. The Task Force found that over the years the Department of Defense has fallen short of its goal to provide excellent facilities and services to all military members, their families and eligible civilians. Economic realities have prompted more spouses to seek work outside the home and an increase of single parent service members have taxed Community Family Service Programs and Child Care Centers beyond their capacities.

Presently, overall re-enlistments are keeping the Armed Forces up to strength. For the first time since 1991 the propensity for young, high school students to enlist is up, but the Task Force is genuinely concerned that current retention rates will not hold. Today's All Volunteer Force is older and more are married. They are better educated, more technically astute and more career

oriented than ever before. They also must be prepared to operate in much more complex and dangerous environments. If complaints heard in Town Meetings and conversations with Service men and women and their families are representative of the feelings of the Current force, it will become more and more of a challenge to attract and retain the quality men and women America's Armed Forces require.

This Committee has the long and laudable reputation for knowing how and when to assist our Service men and women. New and recent programs authorized by your committee were evidenced by our Task Force throughout their travels. I am confident that our Armed Forces can continue to count on you. Again, I am grateful for the opportunity to address you and thank you and applaud your continued efforts.

TASK FORCE ORGANIZATION

HOUSING
SUB-PANEL

- Mr. Wincup
- RADM Hazard
- Mr. DeFrancia
- Ms. Freeman
- CMSAF Parish
- Mr. Sitlinger
- Mr. Simons

PERSTEMPO
SUB-PANEL

- GEN Wickham
- ADM Smith
- Mr. Aldridge
- MAJGEN Gardner
- SGTMAJ McKinney
- LTG Tempie

COMMUNITY/ FAMILY
SUB-PANEL

- GEN Shaud
- Chap. (MG) Zimmerman
- Mrs. Kidd
- CSM Peters
- MCPON Plackett

RESOURCE ADVISORS

- LTGEN Chavarrie
- Dr. Barbara Glacel
- MG Joyce
- MAJGEN Matthews
- Mr. Schafer

COUNSELORS

- Mrs. Butler
- GEN Hoar
- Mr. Michel
- Mr. O'Keefe
- Mr. Page
- Mrs. Perry
- Mrs. Powell
- Dr. Wilson

EXECUTIVE DIRECTOR

- MAJGEN Delligatti

QUALITY OF LIFE TASK FORCE

Honorable John O. Marsh, Jr., Chairman

Former member US Congress. Secretary of the Army (1981-1989); Counselor, with Cabinet rank to President Ford; Chairman of the Reserve Forces Policy Board. Attorney. WWII Army veteran, and retired Officer, Virginia National Guard.

Defense Science Bd. Member-ex officio Honorable Edward C. (Pete) Aldridge, Jr.

President and Chief Executive Officer of The Aerospace Corporation. Served as Secretary of the Air Force 1986-1988; Under Secretary of the Air Force 1981-1986, and Deputy Asst Secretary of Defense for Strategic Programs 1974-1976.

Mr James M. DeFrancia

President, Lowe Enterprises Mid-Atlantic, Inc. Served on the Housing Advisory Group to Committee on Banking, Finance and Urban Affairs, US House of Representatives and as National Director of The National Association of Home Builders. Graduate US Naval Academy and a Vietnam veteran.

Ms Claire E. Freeman

CEO, Cuyahoga Metropolitan Housing Authority, Cleveland, Ohio. Served as Deputy Assistant Secretary of Defense, Civilian Personnel Policy and Deputy Assistant Secretary for Administration, HUD.

MajGen (USMC, Ret) Donald R. Gardner

Served as Commanding General, 3rd Marine Expeditionary Force and Commanding General, Marine Corps Bases, Japan. Former Deputy Chief of Staff for Requirements and Programs HQ, USMC, and Commanding General, Marine Corps Base, Camp Lejeune, North Carolina.

RADM (USN, Ret) Roberta L. Hazard

Served as Asst. Chief of Naval Personnel (Personnel Readiness/ Community Support) 1989-1992; Director, J-1 Manpower & Personnel Organization of the Joint Chief of Staffs 1987-1989; and Commander, Naval Training Center, Great Lakes, Illinois 1985-1987.

Ms Sylvia E. J. Kidd

President, National Military Family Association; a Board Member, Fisher House Association and Army Emergency Relief, Ft. Myer, Virginia; and served as Coordinator, Army Community Service Volunteers, Ft. Lewis, Washington.

SgtMaj (USMC, Ret) Charles A. (Mac) McKinney

Over 29 years of active service and a veteran of WWII, Korea and Vietnam. Currently a coordinator of The Military Coalition. Served as Executive Director of the Non-Commissioned Officers Association 1971-1984.

CMSAF (USAF, Ret) Sam E. Parish

Served as Chief Master Sergeant of the Air Force 1983-1986, Senior Enlisted Advisor, Strategic Air Command 1981-1983, and Senior Enlisted Advisor, United States Air Forces in Europe 1977-1980, National Director of AFA and of the Airmen Memorial Foundation.

CSM (USA, Ret) William J. H. Peters

Served as Command Sergeant Major from battalion through Major Command level, retiring with over 32 years active service. Currently employed as a training analyst at US Army Training and Doctrine Command. Vietnam veteran.

MCPON (USN, Ret) William H. Plackett

Served as Master Chief Petty Officer of the Navy 1985-1988, Fleet Master Chief, US Atlantic Command 1982-1985, and Force Master Chief for Commander, Training Command, US Atlantic Fleet 1979-1982.

GEN (USAF, Ret) John A. Shaud

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COUNSELORS TO THE TASK FORCE

The Quality of Life Task Force is deeply grateful to those distinguished Americans who served as Counselors to the Task Force. Although they did not actively participate in the deliberations leading to it's recommendations, their service as Counselors indicates their awareness of the importance of Quality of Life issues to the readiness and well being of our Armed Forces. Their willingness to offer suggestions and advice on topics within their respective expertise was most helpful. The recommendations of the Report are those of the Quality of Life Task Force; and Counselors may, or may not, concur in whole or in part with them.

COUNSELORS

Mrs Dorene N. Butler

Spouse of General (USAF, Ret) Lee Butler, founding member of Spouse Issue Group, which gave rise to Air Force Support Centers. Serves on the Boards of the Salvation Army, the Omaha Community Playhouse, the Joslyn Art Museum, the Western Heritage Museum, The American Red Cross, the National Conference of Christians and Jews and the Victory 95 Committee. [Areas of expertise: Impact Aid and Education.]

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Staff Audiologist for the Boston Guild for the Hard of Hearing, early 1960s; President of the Armed Forces Hostess Association, early 1980s; Advisor to the Red Cross of the Military District of Washington, early 1990s; and currently the Executive Co-Chair of CARE Washington and Chairwoman of the Advisory Committee of the Best Friends Foundation. [Areas of expertise: **Family and Community Services.**]

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President, Keystone International, Inc. Currently New Mexico State Cabinet Secretary for Children, Youth, and Families. Served as Vice Chairwoman, DACOWITS: Director for European Defense Policy and Arms Control, National Security Council; and a Term Member of the Council on Foreign Relations. Active service USAF. [Area of Expertise: **Community and Family Services.**]

Mr. DORNAN. Admiral Smith, before you begin, one thing about housing which you said was extra important, you are going to come back and testify before my colleague chairman, Joel Hefley, who has Military Construction chairmanship.

Mr. MARSH. We are available to do that.

Mr. DORNAN. Our staff spoke to him and he's going to call you in. And as important as both of you found that to be, if except in a germane way as it relates heavily on quality of life, if you could save some of that important testimony for that, I would appreciate it, so we could spend more of our time on TEMPO and the community services.

Mr. MARSH. We anticipated that you might want to do that.

Mr. DORNAN. Thank you.

Proceed, Admiral.

STATEMENT OF ADM. WILLIAM D. SMITH, U.S. NAVY, SENIOR FELLOW, CENTER FOR NAVAL ANALYSIS

Admiral SMITH. Thank you, Mr. Chairman. The PERSTEMPO committee was made up of all services. We had the benefit of the retired Sergeant Major of the Marine Corps and Mrs. Kidd, who is here today.

We visited a number of locations. The task force proceeded through a number of bases in the continental U.S., different groups, and made two overseas tours, one of those to the Pacific; and my subpanel visited Kane Oe Bay Marine Corps Base, Scholfield Barracks Naval Station, Pearl Harbor; while another group under General John Wickham went to the Far East and visited Korea and Japan.

The swing to the east covered most of the major bases in northern Europe. My committee visited Siganella, Aviano, and Naples in our visit.

We approached the idea of what might relieve some of the pressure on personnel TEMPO, and we came to the conclusion that there were three possible avenues. One was the added training being created by the need for more joint exercises and joint evolutions. That was a major factor. And a lot of work has gone into that. The services have continued a high level of service unique training. It was the committee's belief that if more of that training could be combined with joint training, we might eliminate a few exercises. The chairman has been briefed on this approach, and the joint staff is supportive. We believe that more still needs to be done in that area.

A second approach was the use of Reserve and National Guard personnel to supplement or augment the very high TEMPO units that are being experienced in today's kind of operations, AWACs crews, psychological operations teams, and harbor control units. And we discovered that this can be a help, but it works for very small units maybe in some areas. Only in individual cases do you relieve some of the pressure.

There was one exception when we learned of the two Air Force tactical squadrons which deployed this past summer to Aviano and actually allowed the two squadrons there flying night flight missions to stand down for a period of about a month.

The third area we looked at was contractor support and whether or not we could engage sufficient contractor efforts to relieve some of the active components. There has been a success story in the use of contractors in a number of our deployed areas.

Mr. DORNAN. You mean Army engineering units or Air Force Red Horse?

Admiral SMITH. Right.

And in the Air Force, redeployment really of their active forces in Turkey and using the contractors to run bases, and now we have a number of contractors being used in the Bosnia situation.

Once again, as we looked at that, that is a help, but it doesn't relieve the underlying causes.

And, obviously, if you want to do contractor operation and have some efficiencies in the billets, civilian or military, that those contractors would place, those billets really have to go away or you don't have any savings. You just add to the workload or add to the cost of the workload.

At the end of our time, I think we fell back to the need to do better scheduling of the exercises, recognizing that for many of the National Command Authority directed observations such as Bosnia, Somalia, Haiti, Ghana, there really isn't any control by the CINC's over those operations either.

I would like to comment briefly on this day away is a day away.

And that comes from our look at this being primarily from the individual service member's viewpoint. We think most of that was driven by either benefits or some sort of a supplementary pay that calls those times into accounting. For example, if you have family separation allowance, you have to be gone more than 30 days. If you are with a marine unit, you don't draw any separation allowance until you have been deployed 10 days, because the Navy deploys not individuals but ships, and there isn't any accounting of the individual's time away.

Mr. DORNAN. Admiral, just explain a little bit for some of our guests in the hearing room, because that simple statement really says it all, that what we are talking about here—and I just saw this in Europe a few weeks ago—that a whole unit will deploy there away from their family for a long time, but it was training, so it didn't really count as a day away. Just explain how the simple impact on that, on the men and women in uniform, that a day away to a wife or spouse or children is a day away. It doesn't matter if it's in some exotic dangerous place like Somalia or Bosnia or Antarctica. It's away from home.

Where did that expression come from? Who coined that?

Admiral SMITH. The Navy started this personnel TEMPO calculation, but they did it with the idea of expressing the times ships were deployed as opposed to when they were in local training waters or in port or repair, maintenance and actual standdowns. And that has just been carried over to all of the services.

And in each of the bases that we visited, we had a community services' sort of open forum in the evening. I conducted six of those in these two tours, and I could tell you that 90 percent of the questions and comments related to this PERSTEMPO pressure. That was the root cause of much of the families' frustration. And they were frustrated not because a member was being asked to deploy

as often. There were examples of a guy being in Germany for a year, being deployed for 300 days or not being deployed, because he's spending that much time in the training areas and out on short training missions, short training exercises.

It was the need for the recognition, not always the need to be paid for that, but just to be recognized that that was a commitment being answered by the individual service member, but not being reflected in any acknowledgement by higher authority. So the guy knows and his family knows, and to the family it seems that nobody else knows, that he's actually been gone that amount of time.

So, because it's tied to the funding, it really looks like a recognition from the administrative side as to counting these days away, certainly would help from the family standpoint. But what if it hits the guy? Well, that's an issue of policy of the individual departments, but it would at least acknowledge this deployment business.

For example, we know of the Marine units that were detached, gone with an amphibious ready group to the Med, and two weeks later they were deployed to Haiti. Morale in that group as seen by the team members who visited that area, that morale was sky high. That's the members. They are doing what they signed up to do, and they were having a great time responding to their country's requirements. The families had a little bit different view of that. It was tough.

You found with the Marines at the Marine Corps base where they were deploying 6 months out of every year to Okinawa, the guys loved it. The wives were so upset about it they wouldn't talk about anything else at the evening meeting.

So, what Secretary Perry is doing is trying to make all the other amenities better, a higher quality. This is one of the underlying issues that bogs all the other efforts that we are trying to do, particularly when you talk to the dependents. We had a young wife at the Naval Base in Pearl Harbor stand up, and she was so frustrated she stood up and said, when my husband gets back from this deployment, I'm going to demand that he get out. She said, I have already convinced my children that they should never join the military. It's just the TEMPO.

Mr. DORNAN. When you were taking her testimony, he was deployed at that moment?

Admiral SMITH. He was deployed, and she had it up to here.

Again, it's the amount of deployment. There isn't anybody out there that didn't recognize that deployments were fundamental to how our military operates.

There is this perception that the cold war ended and things ought to start calming down a little bit. They didn't calm down. They went up. Joint exercises have gone up more than 50 percent since the end of the cold war. We haven't made the case to the families as to why we have had to do that. I'm not saying the case isn't there to be made. I'm saying it has not been made.

As we listen in the community centers, it was a real ear full, and we kept thinking they were going to tell us we needed better operating hours at the commissary, and we needed a little longer window for the Exchange or the PX to be open; and we did get those complaints, along with the complaints for the need for more day care, but they were on the fringes, this issue of the operating

TEMPO. We went to Aviano, and that's probably the most volatile group we had. We had a theater full of women and families, a lot of members. Great frustration because the Army and the Air Force moved in there, and before they ever got settled, they started in on around-the-clock flying operations in support of U.N. resolutions that affected former Yugoslavia.

So nobody ever got settled in, and there was no military construction to support it. Everybody was kind of here and there, living on the economy without being able to speak any Italian.

Mr. DORNAN. Some people drive an hour to work in the morning. It's like commuting in the San Fernando Valley.

Admiral SMITH. Right. And I think some more than an hour.

Of course, the more junior the person, the less money he had available to go buy some living accommodation. That usually meant the further away he had to go from the base to be able to support the operation.

Once again the dedication of these young men and women was superb. The families have taken a real beating.

Mr. DORNAN. Let us elicit some more of this story from you with our panelists. I have a pattern here where I go last so that encourages my committee members to show up for these excellent hearings.

Mr. MARSH. I would like to comment that the cochair was the former Chief of Staff of the Army.

Mr. DORNAN. Where is General Wickham today?

Mr. MARSH. He's in Arizona today. He was very dedicated and he made some significant contributions, but I think he would also confirm the number of things that the admiral referred to. He was the cochair. Those two individuals cochaired this panel.

Mr. DORNAN. We have your report here; every member has it. If the other members are as busy as I am, they have not had a chance to do it justice, but my professional staff has. They say it's an absolutely superb report, so this will go in the record. It will influence what we do legislatively as we move into marking up the bill for this subcommittee and for the full National Security Committee.

I want to say before we begin that I would be surprised if more than 10 percent of this room even knew that I was having some great adventure on the presidential trail, and when people say to me why aren't you doing better? I say, well, try chairing two committees and going to Aviano three times in the last year, along with every country in the Balkans, plus other spots around trying to take the exact same testimony that you did, so I know first hand of what you speak.

What I will do is save my questions, if they haven't been all covered by the excellent committee work by my staff here preparing questions for us.

I think what you are talking about here touches everything else right down to the cutting edge of the sword in combat readiness. Recruiting becomes more difficult if there are more open slots to recruit for, and if family members are telling other families and cousins telling cousins, the military is hopelessly antifamily today, they are deployed so much. So everything we are going to take testimony on this subcommittee—pay, compensation, housing, basic al-

lowance for quarters, which I mentioned in my remarks—it all comes down to what are people doing.

And I will just close on this, you may have taken note of some editorial writers. Usually liberals, but not always, but have never worn the uniform—that's almost consistent—saying, what's the military for if we can't send them to Bosnia and Somalia and every other God-forsaken place in the world. This is what they are paid for. Do they want to stay in the United States and not work? They have no concept of this day away and training and how this has just been layered on in this still very dangerous world.

So with that, I turn for the first questioning to my vice chairman, Mr. Pickett, and we got a lot of Air Force veterans and Army general officer Montgomery, as you well know, and a lot of experience on this side.

Mr. Pickett, fire away.

Mr. PICKETT. Thank you, Mr. Chairman. Gentlemen, welcome again.

Was it the recommendation, as I understand it here, that this 1-day away means or equals 1 day away be applied across the board to all military Departments?

Mr. MARSH. I'm going to ask the admiral to respond to that, but there is some need, we feel, for some standard in order to interpret and be able to monitor. We recognize that the services each have their unique requirements, but there seems to be some necessity for standard. But I will ask Admiral Smith to speak to that.

Admiral SMITH. Yes, sir. That's exactly what we think would be helpful.

Mr. PICKETT. I guess, admiral, if anybody knows this, you do, and that is that the unique operating requirements of the different service departments has a bearing on this operations TEMPO issue.

Do you think that maybe it would be worthwhile to consider different measurements for the different service departments, or do you think this one uniform rule should be applied across the board?

Admiral SMITH. I don't think we should ask the services to change the way they train and deploy their people. I think the recognition is an issue of recording the facts that are already happening as this committee is in session, so that there are unique pay or benefit partials tied to some of these definitions, so that, for example, Marines deploy to Aviano, that's a combat deployment, very much like the marine that deploys with the marine amphibious group. He is under one kind of a temporary duty financing arrangement, and his exact counterpart in the Air Force who deploys to Aviano is in the same combat-type environment but in a totally different cultural environment.

The reasons there are valid reasons why those are done differently. But the recognition as to who has gone overnight and who has gone the most is really another issue, and that is not often—that isn't reflected the same way.

Secretary Perry has asked that where possible, when we get mixed groups of various services together, and Aviano is an ideal place because all the services are represented there, that the differences ought to be minimized. I think that's absolutely right because they all exchange information with each other, and it is im-

portant to minimize them, but I'm not sure that it's practical to make all those differences go away completely.

Mr. PICKETT. So the implementation of this rule of a day away is a day away across the board, could have financial impacts on the individual services?

Admiral SMITH. Could have very much so.

And in some cases it would have a financial impact that if it were mandated that the benefits that are paid that are different when you are deployed than they are when you are nondeployed, were instituted within a budget year, you would have the services saying that's too hard to do because we didn't budget for that. Resources aren't there within our account to accommodate that.

Mr. PICKETT. Was it within the charge of your task force to look into the increased operations TEMPO, the reasons for it, the necessity for it, any other alternatives into it? Did you look at any of that?

Admiral SMITH. We did. And we came to a variety of conclusions. Most of our meetings at the level of the CINC's, the commander in chiefs out there, it became clear that as Goldwater Nichols put them more in the line of authority from the Commander in Chief down to the individual combat unit, that there is an obvious need for them to train more with mixed Army, Navy, Air Force, Marine, and in some case, Coast Guard units. That additional training at the very beginning was kind of laid on top of what everybody else did, so when they became in a ready state for deployment for whichever service, then the CINC would add his exercise on top of that.

And that is one of the principal causes of this increase as perceived by our committee on the field trips. The idea was that if better cooperation, better coordination between sort of the last period of service unique training and the beginning of the joint training, could alleviate some of that training requirement.

We also looked at the idea that some of that requirement could be alleviated by use of embedded simulators and training within the actual hardware that is deployed when it's a technical operation, such as radar, mobile radar station, mobile radar unit, or particularly with ships and maintenance crews.

New technology allows you to put much more training and simulation into an operational panel and operation control station. And we felt that work in that area, more work in that area, would allow units to do the training without having to leave the barracks areas.

And mostly, that has been accepted very well by the services, a long-term plan in many cases, but they are moving in that direction because they recognize, say, its costs. They are being driven to safety costs.

So that is a driver that gets the services themselves interested in reducing, where possible, this deployment, because no matter how you deploy the guy, if he gets any more money or not, it costs the service more money to make that exercise happen.

Mr. PICKETT. The final question I have has to do with your opinion as a professional military man. Do you think it's important for us to try and work toward programs that will enable the services to reduce the level of operations TEMPO that they presently have?

Admiral SMITH. I think it would be. We should reduce the level of operations.

And I think we should because we really are in a different environment than the cold war period. Most of us—most of the people out there in command now—grew up in the cold war environment. I think there is a lot of concern on the part of many senior leaders that we are wearing everything out clearly faster than we are going to replace it. And if we don't slow that wearing out phasedown in some way, we are moving in the wrong direction.

So I think a piece of the answer is in the reduction of the operating TEMPO to save the hardware. That's also a fine line because you want to keep professional forces trained. We set high standards during the cold war. Finding that balance is a difficult job, and I think right now we are balanced in the direction of more training than current budget levels will support.

Mr. PICKETT. Thank you.

Thank you, Mr. Chairman.

Mr. DORNAN. To my Republican side here, I'm going to exercise the chair rule to take the members in their arrival order for the subcommittee hearing, unless somebody has some really pressing other commitments. Let's do that.

Mr. Montgomery.

Mr. MONTGOMERY. Thank you very much, Mr. Chairman. I was watching the Presidential debates about 2 weeks ago, and you were not on those debates. And I found out where you were; you were in Bosnia. I think you made the right choice.

Mr. DORNAN. Right. Duty called.

I was also reading the polling data, too, so I knew I was needed in Bosnia.

Mr. MONTGOMERY. I want to welcome these distinguished witnesses, Mr. Secretary. Thank you for the wonderful service you have given us over the years and the tough jobs you have taken on such as the quality-of-life job; and you, Admiral Smith, for your dedication and work.

It was mentioned by you, Admiral Smith, about the total force working, and I assume it was made in the vein of you could bring reservists in and you can relieve active duty people and maybe not have to stay as long in one spot on a ship that long, even though you're not putting that much on ships.

Is that what you were leaning toward?

Admiral SMITH. Yes. In fact, General Wickham came to town for a 1-day meeting in which we met with the commanders of the various Reserve and Guard components. All services had to talk about this in detail as to how more could be done. And it was recognized that some restructuring to shift to those high-intensity specialties that are now in demand, like psychological warfare, Military Police, were the two prime examples. And the Guard and Reserve leadership recognized in those areas that some restructuring to build additional units to have the capability to respond, was clearly in order.

We used the model of the Air Force, as was said earlier by Secretary Marsh, that because they can call upon a number of their air crews and use them on short notice for 6 days, 8 days, they have an ideal arrangement that is easier for both the Army, Navy,

and the Marines, for that matter. But everybody agreed that there were areas where more certainly could be done, so that Secretary Perry's direction to us was go find some additional ways and make it work.

We did come to the conclusion that if the Secretary had a contingency fund to use to pay for some of these Guard and Reserve additional assignments or to pay, say, half where the services had to pay the other half, it would greatly facilitate the further use of Guard and Reserve personnel for contingency operations.

What happens often is that the CINC generates a requirement, and it's best met by the 5-man or 10-man units, and some are in the Guard and Reserves. But the Guard and Reserve budget is fully committed because of the training days and the training schedules that have already been laid out. Services have a complete budget as far as their requirements go. So there isn't enough flexibility to come up with the funds to deploy that unit because nobody can come up with the cash.

That turned out to be the biggest drawdown for more use for specialized detachment of Guard and Reserve personnel.

Mr. MONTGOMERY. I won't get into the details of it, but the subcommittee did pass, and it is a law now, that Air Guard and Air Reserve technicians flying overseas every week, every 2 weeks, and it was something in the law that said they could only go at non-combat for 16 days. We have added another 44 days to that. That kind of gets in line with what you're talking about. And that's good. This was a complaint that came to us. We are doing these missions, but we are not getting paid for them, and we have gotten our 16 days in. So that was very helpful.

I talked to EANGUS, and that's the Enlisted National Guard Association of the United States. It's a problem about the commissaries and the PX's on quality of life. Secretary Marsh, Admiral Smith, did your commission look into PX's or commissaries for reservists?

Admiral SMITH. We certainly did. It was a general consensus of our panel, PERSTEMPO panel, that given the new world and the new requirements that were being levied upon Guard and Reserve, one of the ways to be more responsive to them would be to extend those privileges. And we did not get into as much detail because there was a lot of discussion and a lot of differences of opinion among the panel members, but I think the sense of it was that when the Guard and reservists are called up for full active duty, then immediately they should be considered as an active duty member with all the medical benefits for his family and the right to use other facilities such as commissaries and exchanges, and that ought to be a lot more automatic than it is today.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Mr. DORNAN. Thank you.

Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman. And I appreciate the testimony from our distinguished guests.

Clearly on the TEMPO issue, a standard computation seems to be a no-brainer, but I do know from past experience each service has its different yardstick to comp individuals who are off on some exercise or just a training.

I recall, if you will allow me one personal experience, this TEMPO problem is as old as the service. I retired as an Air Force aviator, but I almost got out in 1961-62, that timeframe, because I was gone all the time. I came back from Germany and went to Canon Air Force Base, and I was stationed there for 3 years, and I was actually on station about 6 months. That was a reality.

Mr. DORNAN. What were you flying, Pete?

Mr. PETERSON. F-100's at the time.

But I was begging for an overseas assignment. I wanted out of there. I just wanted a place where I could see the family once in a while. And, of course, we were shipping our families out of town, too, and it was a real unfortunate thing and unpleasant. And what worries me is that at that time we generally had our bases placed near a gunnery range or a training function. You don't have that anymore. You don't have air space where you could operate.

So we are now shipping all these people off into training areas where we used to be able to do that at home. We were filling squares eventually at home, but we can't do that anymore.

So that complicates this even further. Now we are sending people out to Vegas for all of their training out there with the joint operations, and you have down in southern California, your area there, Bayside. But any event, this is a problem we allowed to grow, and we haven't seriously looked at it.

And I'm very pleased, I guess is where I'm coming to the bottom line, that we are seriously going to address this now and see if we can't find some way to fix it.

My question is, we can do—let's just assume we are going to follow all the recommendations, and we are going to do the joint exercises and CINC together. We are going to use the total force better. We are going to use contractor support. We are going to do simulation.

Incidentally, there is a lot of room for simulation here. It used to be we had to get into the hood in the back of the an airplane and fly instruments, but now you can actually fill some squares by doing that stuff in the simulator because they are very real. We are going to do all these things.

The question is: If we do all of these things to the extent that you're providing in your report, how far are we from the mark? Do we still have a major problem? Have we minimized it? Or is this a nondoable, I guess is what I'm asking?

Admiral SMITH. I don't think it's easy to project the answer to that, Mr. Peterson. I think two things are going on out there from our travels. One is the expectation level on the part of the families, maybe more so than the military members, is going up faster than the institutions can match those expectations. And one of them, of course, is this time away business. I think every step we take to improve that will really be appreciated, not only by the families but by the members.

So I don't know that we will ever get to a balance because people will have different standards in that regard. But there is even discussion about taking multi-mission capabilities, multi-mission aircraft, and the pilot has to be qualified in 9 or 10 different areas, and specializing him more to reduce the number of boxes he has to check off on a quarterly basis. There is some risk involved in

that clearly, but that's the risk against wearing out the airplane or wearing out the pilot, in which case he goes to United or USAir and he gets on a regular schedule.

It's hard to say, but any steps we take will be recognized by the units that are getting the high PERSTEMPO, and they will be appreciated by the families. I guess that's the way to look at it.

Mr. MARSH. I think also one of the reasons for standard is not so much as the admiral said, change the way the services have been in business, but to have a methodology or policy controlling oversight. General Shalikashvili was very responsive to these questions on the TEMPO and joint exercises, and he, for one, feels that very frequently when a service goes out and trains, service-unique training, that if you had some planning in there instead of it being service-unique, it could be joint. And, therefore, you would minimize the deployments of everybody.

Having some overall policy standard by which you could measure what the deployment ratios and TEMPO are, we think that the policy level in the JCS would be very helpful.

Mr. PETERSON. But again I go back to this. Where is it we get to the point where the TEMPO discrepancy is tolerable? You and I understand that in the military you sign up for a certain uncomfortable lifestyle. That's just built in. And you would have to go according to mission requirement.

But my point and my question was: If we do what you're recommending, are you confident or comfortable with the idea that if we do this, that this will bring us into the envelope where the TEMPO discrepancy is tolerable?

Mr. MARSH. I am of that view, particularly if we address the housing issue.

I think the final test is going to be people voting with their feet. And we see indications that if there is not some address of this, recognition and address, that your retention of key skills is in jeopardy.

We find among service people an attitude frequently that I don't mind being deployed so long as I know that my family is being taken care of. And there is at times an insecurity about that amongst service people because either the housing is inadequate, it's in an unsafe environment, insufficient accommodations made for care of children while the service member is gone, increased cost of expense.

Consequently, we think as we address more the recommendations that are made here, you are going to find a bit more or greater comfort level, so to speak, and comfort level is not a good way to express it, but it will be a better environment for the individual who is deployed, if they're not worried about the situation involving their family.

Mr. PETERSON. In your conversations with the families, is it correct to say, or would it be correct to say, that these families are less tolerant than the earlier generations in the levels of separation and sacrifice that a family must have in a military family?

Mr. MARSH. No. I think the families are making enormous contributions and sacrifices for individuals to be in the service, but I believe it's beginning to approach in some instances a stress level that is causing them to have second thoughts.

And the demographic changes in our society where you have two spouses, 65 percent of your military family, 65 percent of those spouses have two spouses deployed. That creates additional factors that you have to work with.

The level of support and the infrastructure and the commitment of the families to what our people are doing, I think is—I don't think it's adequately recognized. I don't think people know the hardship and suffering frequently of our families, but I think they make an enormous sacrifice, and I think they're very silent and long suffering in many instances, and I don't think people appreciate what they do.

Admiral SMITH. You said it very eloquently. I agree with that.

Mr. PETERSON. I will stop now, Mr. Chairman. I want to address the housing, and child care is a very important issue, as you stated several times already, but with all that, I thank you.

Mr. DORNAN. Thank you.

Mr. Chambliss of Georgia?

Mr. CHAMBLISS. Admiral, a day away may be a day away, but I spent a day and a night on one of your submarines not long ago, and that ought to be about 3 days away. It was a great experience, but it's a different experience.

I want to shift gears just a minute and touch on something that Pete mentioned at the end of his comments, and that is on our housing. I recently completed a tour of all the military bases in Georgia of which I'm very proud; but everywhere it seems when you are talking about quality of life, the No. 1 issue is housing on base and off base, and we seem to be moving in a positive direction with on-base housing, although we have got, apparently, a long ways to go from what I have seen.

But I'm concerned about off-base housing because I know in your report you say about 65 percent of our folks are living off base, particularly those enlisted junior folks, and they are the ones that we are really having to compete with the private sector on because a lot of those folks have been in training for several years and probably are qualified, more qualified than some of the folks who are working for corporations out there, and we need to make sure that we give them that lifestyle that will allow them to stay with us.

And I just appreciate your comments, Secretary Marsh, about where you think or how are we doing in that area and are we moving in the right direction with respect to off-base housing and not creating so much out-of-pocket expense for our folks, in particular.

Mr. MARSH. Well, as you observed, the housing does continue to be one of the No. 1 priorities. Our committee found that of the services, that service which does the best job in providing housing, its maintenance and upkeep, is the U.S. Air Force. We view that as a pace setter and a standard bearer.

We also concluded that the current delivery system of military housing is incapable in its current configuration of meeting our housing needs. I believe that in several years the Air Force will also begin to experience more troubles, backlog, maintenance, and repair.

In order to get well in military housing—I'm talking about now just family housing—we are looking at, we estimate, probably about \$20 billion. Barracks probably around \$9 billion.

When we say housing barracks we equate—

Mr. DORNAN. What was that first figure?

Mr. MARSH. \$20 billion for, \$9 billion for barracks.

And under the current funding level of barracks, we don't think you will fix your barracks in less than 25 years. That was a general statement. And we attribute that ineffectiveness to the delivery system. And the major recommendation we made in the field of housing was to use a mechanism to provide housing of a housing authority similar to what is being done in 49 of our 50 States, and which has provided in the last 30 years 3 million units of housing effectively, managed efficiently, and we believe that methodology warrants consideration, and I believe it is being considered in the services.

We lay out a number of reasons that we think it would be effective, one because it's been tested and tried, it would be a 501(c)(3) nonprofit corporation. It would generate profits but would not have to pay taxes. It would introduce the level of management and discipline that we think will be very helpful. It would be applicable both on base and off base.

So we think that the housing delivery system—and we say this in our report—in the Department of Defense is flawed. We are playing catchup ball, and we are throwing good money after bad.

I can tell you that when I looked at some of the figures of backlog and maintenance of repair that the Department had last summer, as I looked at a lot of the figures, it reminded me of 1981 and 1982 when I was Secretary of the Army. We are not getting ahead. We are falling behind.

We recommend a different delivery system, and we think there are ways that it could be done. Those recommendations came from members of the panel who had military backgrounds but who were not part of the Department of Defense, and who were individuals of great achievement and accomplishment in the private sector in law, construction and housing management. They were experts in the field. They recommended and they convinced their military counterparts, such as Admiral Smith and others, that that should be seriously considered and is probably the way we should go in housing.

Mr. CHAMBLISS. And if we do that, is it your thought that we could reduce that out-of-pocket expense to those folks for off-base housing?

Mr. MARSH. We think we could do it quicker and deliver it more efficiently at less cost. You have to move in gradually with pilot programs.

Mr. CHAMBLISS. We are doing pilot programs.

Mr. MARSH. What the Congress has done, and the initiatives you currently recently enacted which were recommended by the Department or the Department recommended, gives them greater flexibility. Those initiatives are vitally important. And we believe those initiatives will be helpful, and coupled with a new approach, will provide a better housing delivery system.

Mr. CHAMBLISS. That \$20 million figure that you mentioned, is that just primarily for renovation of existing units as opposed to building new units?

Mr. MARSH. I think it's probably both.

Admiral SMITH. It's both. It's a renovation when a whole house repair is appropriate, and it's leveling it and rebuilding it when that's the most cost-effective way to do it; and it's building new units to reduce the waiting lists at the various activities.

This has been amplified somewhat by the base closure process because we are sort of making mega bases in many areas. Those areas don't have the housing often to begin to support that. So it reflects the structuring or restructuring that the Department has undergone the last few years with regard to closures.

Mr. MARSH. And I would tell you, Mr. Chambliss, that these recommendations are being very seriously considered in the Department. I think they have done some modeling on costs on which others can amplify. I think you are likely to see something coming from Defense in reference to that. Mr. Pang and others can comment on that better than I.

Mr. DORNAN. Mr. Watts of Oklahoma.

Mr. WATTS. Mr. Chairman, I have no questions for this panel. Mine are for the second panel, and I will have to submit them for the record and ask them to respond accordingly.

Mr. DORNAN. Thank you.

Mr. Buyer of Indiana

Mr. BUYER. I have several questions, one in regard to particularly housing. Did you look into what's happening in Europe with the consolidations and the drawdown? Would you comment on that for me.

Admiral SMITH. Yes. Thank you for the opportunity. I think the senior commanders there realize that in the current budget environment, the environment that existed in the 1995 calendar year, is that we were leveling off on our base structure in Europe and we decided which bases were priority and which were important, and that's where the attention and the investment is going to start going in much more seriousness.

For example, with the closure of Rhine Main in Alcee Ramstein as the major logistic base for the Air Force base. The No. 2 base for the mobility command will be Signella. Signella has been a very important base for the Navy, so that stays as an important staging area. That's just one example, but they have in their minds now what the base structure is going to look like for the next few years, and that's where they will be putting their effort when it comes to building necessary on-base housing.

We met with a number of different kinds of problems in Europe. For example, there is almost no housing at Aviano. That's not the way the Air Force likes to operate, and they see a lot of catchup in there, and they have an ambitious plan and aggressive plan to do that. There is almost no military housing that's worked out satisfactorily in Naples, for a variety of reasons.

Mr. BUYER. Take your analysis for me just beyond housing. Obviously we have access to medical care and other things that the consolidation has had an impact on detrimentally over the past few years.

Admiral SMITH. We kept hearing about medical. One of our characters was because of all the emphasis by other agencies and task forces, we were asked not to look at medical because we had a full

plate with the three areas that Secretary Marsh lined out earlier, but it was obvious in community meetings.

Mr. BUYER. It would come up, though?

Admiral SMITH. It would come up, and we would deal with it the best we could. But in most cases the issue was never quality medical care. Quality was never an issue. It was availability so that either you had it and you had great quality, or you didn't have it and you had a problem.

In the drawdown, particularly with the Army forces in Germany, that was a very serious because some people who had a clinic next door found they had to drive 70 miles. The guy says how do I take the day off and take my wife and son to another clinic that's 70 miles away because that's the only guy that can treat this particular problem? Those are very serious issues, and yet the amount of resources available were necessitating those kind of decisions.

We found that the medical, particularly, was in a high state of transition throughout the European forces, in all services.

Mr. BUYER. One thing I would like to make a comment on is, as you know, we make our decisions with regard to our military force structure, and we recognize the increase in the personnel TEMPO. We formulate our force structure based on what the national strategies are for the country, and I find myself at odds at times with the President with regard to engaging our military in all parts of the world and citing at times a moral obligation which makes me feel somewhat uncomfortable because if we engaged our military based on a moral obligation, we would find our military in over 60 hot spots throughout the world; so that's why we tie our military to vital national security interests.

And at the same time we are trying to send the message to Europe that we want Europe, some of the major players in Europe, whether it's Great Britain or Germany or France coming to the table of NATO and others, to take greater responsibility in the peace and stability of their continent and the growing of the economies and the cohesion. So we place those pressures for new burden-sharing agreements. I was with the chairman when we signed that agreement with Norway this summer, and here we are closing this century on a leadership role in Bosnia.

We found ourselves in that debate on the floor. I'm one that Adm. Snuffy Smith shouldn't be the IFOR commander, but it should be Lt. Gen. Rupert Smith, for example, of the United Kingdom; and we could provide all kinds of support logistics and air power, sea power, or intelligence architecture.

I'm just one that gets so concerned. We could talk about the PERSTEMPO, but you have to see where this policy ends up driving our military throughout the world, so I'm just sharing my sense and feelings at the moment.

I respect all of your hard work on this, but I also am one that's very concerned with regard to the assignments that we have given our young men and women and where they need to go. They need to understand what they are fighting for and laying their life on the line. At times some of their assignments are pretty tough, but thank you gentlemen. I yield back the balance of my time.

Mr. DORNAN. Mr. Skelton.

Mr. SKELTON. Thank you. What a thrill to see you again, Mr. Secretary, Admiral Smith. Thank you all for coming.

I'm glad my friend, Mr. Buyer, mentioned the phrase of TEMPO or operational TEMPO because I see Lt. Gen. Ted Stroup sitting in the audience who, I understand, will be up here shortly. His testimony last year was that the Army of the size of 520,000 was stretched and stressed. Am I correct, General?

General STROUP. Yes, sir.

Mr. SKELTON. And I ask him what will happen if the Army gets down to 495,000? And he says it will be stressed and stretched even more.

Mr. DORNAN. 475.

Mr. SKELTON. Last year it was 495.

I think you are missing the point. I know the roles of each are different, and it's difficult, though I appreciate, Mr. Secretary, that the day away is the day away, and I appreciate that, and I wish you well and that's a good concept, but the services are different. They do things differently, and you are going to find sailors at sea far more than you are going to find soldiers at Fort Leonard Wood doing things away from home. Just the nature of the animal.

I'm convinced with the commitments—agree or disagree, and I have been on both sides of various issues on sending the troops here and there, but agree or disagree, the size of the forces, as they are being shrunk down, and with the increasing demands, you are finding the operational TEMPO being so high that somewhere along the line it's going to break.

It takes a long time to grow up to sergeant first class. It takes a long time to grow a major or chief petty officer or lieutenant commander. You just don't do it overnight, and it takes a lot of experience and hard work and attention from senior officers and noncoms to shape those young folks coming up.

And there is a sign in my office, "if mommy ain't happy, then nobody's happy." I think that, of course, in today's parlance, we should say, if your spouse ain't happy, then nobody's happy. If you don't take care of the family and the spouse or husband or wife sees the person in uniform gone so much because there is not enough to go around, somewhere, someday I predict it's going to start bleeding and they are going to start going home to Versailles, MO. And once that starts, I think we are going to have a terrible time operating the high-technology operations that we have aboard ship or elsewhere.

I remember, Mr. Secretary, I think it was I'm sure it was before you, I was down at Fort Benning, and I saw the young recruits being trained on how to do things with comic books. Do you remember those days?

Mr. MARSH. Yes.

Mr. SKELTON. I'm sure some of them fell in category 4, but my understanding is the services are not recruiting today. But I'm afraid you are going to get back to that.

Somebody has to say that the emperor has no clothes. Somebody has to say, besides this country lawyer, that our military is getting too small, that the operation TEMPO is going to break them someday. And we don't see that immediately, but when it happens you will recall my words.

Thank you.

Mr. DORNAN. Thank you. Amen to everything you said and everything Mr. Buyer said before you. I want to associate myself with your remarks.

Gentlemen, the DOD policy regarding nondeployables, I was hoping one of my colleagues would ask about this because I don't want it to look like this is my principal focus on this committee, but it's obviously the most controversial piece of legislation that we put in the Defense authorization bill last year. It had to do with nondeployables, a category of nondeployables. The task force made explicit recommendations that the DOD should enforce nondeployable policies, particularly for personnel assigned to highly deployable units.

It reminds me of a meeting we had with the prior group of personnel three stars when somebody said nobody knows who is nondeployable in a unit, and a West Pointer on the staff slid me a message—and I'm sure it would have escaped me it was so obvious—he said they know who is nondeployable when they deploy. Since it's happening with more frequency, nondeployables are becoming known more frequently.

Now what were the principal observations or analyses that led the task force to reach this conclusion?

And if I could roll in the next question, did the task force find that DOD, or any of the services, is ignoring or not enforcing its nondeployable policies, or is the issue one of inconsistency of enforcement of this policy?

Your observations starting with you, Mr. Marsh.

Mr. MARSH. The task force did address this issue because it came up in many of the town meetings, and we addressed it because invariably when a member of a unit does not deploy, it creates a fairness or equity question.

Mr. DORNAN. At the townhall meetings with family members?

Mr. MARSH. It would come up in various meetings.

And it was the unfairness or inequity of why does he have to deploy and somebody else doesn't? And that's where it came up.

The number that you have when you look at the total force is not that large, but when you get to specific unit and someone does not deploy, it has a far—it's like throwing a stone in a pond and you have a ripples. You have a ripple effect when that happens. And it was a fairness issue because the unit goes and then somebody does not go now.

There is certainly understanding if somebody has been injured in an auto accident or had a sudden and severe family crisis, but Admiral Smith may want to elaborate on this because of the number of town meetings that he chaired, but it was a fairness issue.

I would tell you I am of the view—and I may be wrong and I would ask Admiral Smith to correct me—I think the services may handle it somewhat differently as to how they make their determinations about who can deploy and who can't. There may be differences in service policy. Maybe it's something that needs to be looked at to insure it's more consistent.

Mr. DORNAN. Before you start, Admiral Smith, my staff made me aware of something, and it was not too easy to get out of the panel last week, that your service, the Navy, has a totally—is more con-

sistent in its policy than the other two services because there are about 5,000-plus nondeployables—but in the Navy only 200 were in the categories of health involving asthma, cancer, diabetes, or heart disease, all of them recovered, of course, and all of them still deployable everywhere in the world except for geographically not deployable like frostbite could go to Desert Storm but malaria could go to Arctic locations or Europe. But the Navy has a much tougher policy, and I only can assume it's because the Navy deploys at sea. Sailors sail, where the Army and Air Force can be more base oriented.

So please tell me at these townhall meetings, who would bring this up? A wife?

Admiral SMITH. Yes, sir; we came to the conclusion that there are really two kinds of nondeployables. There is the permanent, but there is also the transient nondeployable. This is the chief whose wife has to go to the hospital 2 two days before you are deployed because she has appendicitis, or the father of one of the members is very ill and may die.

The issue came down to two kinds of problems. Clearly the fairness issue that Secretary Marsh talked about. That's the issue we got from the community meetings, was that my husband wasn't due to deploy and suddenly he had to go because so and so got sick or whatever.

When you talk to the people in the units, you talk to the military members, whether it's flying mission over Bosnia or whether they were getting ships or company-level groups ready to deploy Okinawa or whatever. There the issues are a little different. There they say get the unit ready to go, we are 1 week from deploying, and suddenly Jones, Smith and Brown have to drop out for some valid reason.

Now, that breaks up the teamwork that the training has built, and the skills that were necessary for this group. And it forces the manpower system to find people in the last minute, install them, and you got more training or enroute training and there was the uncertainty that goes with that.

So it came up with no particular type, but just the idea that when you have the unit already somewhat under stress because of this TEMPO business, you will exacerbate that when you make these last-minute substitutions.

When the TEMPO wasn't so high, those last-minute substitutions didn't have the impact. It didn't sort of become the last straw that it is now being perceived as the problem. It was not a major issue in those cases. It would come up sporadically, usually, in the community meeting when a member there, the service family member is uniquely unhappy because of a decision that involved their spouse.

It came up a little more often with the deployed units in the sense of asking them how could the system make this problem better, and the idea was to define this person earlier or pinpoint it so that it doesn't perturbate the training process so much. And that was the nature of the uniform-side concern.

Mr. DORNAN. If this is not a major issue, if I heard you correctly, why did you make it a task force primary recommendation?

Admiral SMITH. I think because there were clearly procedures that could be improved that would correct that problem.

Mr. DORNAN. I'm looking again at the report that I described as excellent because of my professional staff's analysis. It has your Recommendations Operations TEMPO on page 76. It says the Department of Defense—this is point five out of seven—the Department of Defense should enforce nondeployable policies particularly for personnel assigned to highly deployable units.

Let me end the discussion with any observations you have on this.

I would venture a guess quite safely that on the editorial board of the New York Times, there is not a single person who wore the uniform left; we are that far away from the universal war where we drafted 12 million people: World War II. And even then there was this—I recall a movie as a young kid, See Here, Private Hargrove. He was a Harvard graduate, and Hollywood has adopted a concept that's existed now for half a century that all brain power diminishes by the time you reach general or admiral officer rank. The smarter are you, you are a buck private, a direct reversal to what we see in military careers.

But I think that we have had too many three stars in front of me, both personnel officers and surgeon generals, that get involved with the arithmetic of how much of a readiness impact is a percent of a percent, and they did not take into account what you were confronted with; and I'm hearing it was much of a surprise to you when you would have town hall meetings, that the morale factor, the fairness issue, and that word has been coming out of my mouth for 5 years on nondeployables. It's a fairness thing. And maybe it's because I spent all of my career at the captain level or below down to airman basic in every branch of service—ready serve, stand by reserve, cadet, precadet, enlisted—that fairness is a morale buster. It's also with 5 kids and 10 grandkids. You spanked me harder than you did so and so.

And morale can destroy what Ike Skeleton talked about, when the wife said that's it, when you get back from this deployment, it's either me or the military, and you could destroy careers on unfairness.

The editorial policy out of the New York Times, Washington Post, L.A. Times goes something like this: Well, we have admirals' aides and lawyers, but we don't because the lawyer can't go overseas to take a deposition, and that's what this NBC series JAG is all about. It's exaggerated, of course, about adventures around the world. And I see a Marine Corps aide that travels with that admiral everywhere. If we can't travel, he can't be an aide.

The lead editorials usually say if the person is a file clerk or driver—everybody who picks me at Andrews is a civilian. So what about transferring some of these nondeployable jobs if you want to be humane and merciful into the civilian category?

Then the status of being a uniform military personnel, which I found to be a position full of honor and esprit and elan, if you take all these nondeployable jobs and give them Federal status and health care and all that, but make them civilians, did your task force come to any conclusion that we still have positions that should be civilianized and not draw down on our military strength.

Ike and I and others who agree on those floor strengths hope that we don't have to see it taken out of the hide of the uniform people. We could argue over what civilian positions are important to the preamble providing for the common defense of the country.

Admiral SMITH. We did not look at specific categories, but we did look at the contracting out area at what has been fact-of-life contracting. The military service loses end strength, they lose it through decisions made between budget process, administration and the Congress. But there is a function out there that still had to be done. That function gets contracted out, and it keeps being performed now by someone other than in uniform, because the uniform member went away for a different reason.

We found those decisions were good decisions so we were getting the capability or the function performed probably at somewhat less cost. I don't know that that would have been the first choice of the service if it had been made with them having control over the entire universe that involved that particular issue.

I think the contracting out, we looked at it from the committee standpoint as a viable option for a number of areas, not just on the civilian side of the work force within DOD, but some of the military positions. And I think that's getting a hard look within the service, but we never looked at it in relation to whether this would help alleviate pressure to use a person that would not otherwise be combat-deployable.

Mr. DORNAN. A week ago this weekend I went to Sarajevo and Tuzla, and there in Tuzla I saw chefs who were foreign nationals hired there already cooking and saving deployed people; and here we are hemorrhaging money, hiring nationals and everything. If it comes down to a military force that's tight, that's motivated, you are not going to have a wife stand up and say, why isn't he going if the person is a civilian? It's that simple. If it's another military person, they wonder why does that person never deploy and I never see my husband anymore, and these kids are growing up, and this guy is fathering my kids along with his own on the little league team.

I think it is a morale buster, and we are going to have to debate it again on the House floor because of politically correct politics-driven arguments that have no relationship to reality.

If none of my other committees members have any questions, then we will move on.

Mr. BUYER. I do. I will be brief.

Mr. DORNAN. Go ahead.

Mr. BUYER. My question is with regards to the military drawdown, whether or not that drawdown masked any problems related to quality of life and our ability to recruit and retain.

Mr. MARSH. I think that the drawdowns create a sense of insecurity and uncertainty about the future. We found that in many instances, and the quicker we know what the size of the force is going to be, you will do away with that insecurity and concern.

Mr. BUYER. But did it mask an inevitable, do you know, for us to look at it and address it?

Mr. MARSH. I'm not sure I understand.

Mr. BUYER. In my mind here, I almost have a sense that while we have the military drawdown, perhaps some of the attention

wasn't given to the quality-of-life issues perhaps it should have been.

Mr. MARSH. I think that may have been more prevalent in base closing. I think there were some things in the base closing process where we could have focused more on dislocations that were created by the base closures where quality of life was a factor or could have been a greater factor in consideration of base closing and housing and availability of housing, and moving a function to an area where you go into a high-cost housing area. I think there are examples of that.

Admiral SMITH. I agree with Secretary Marsh, but I would add that one of the concerns in the drawdown, if you just treat it as a numbers game, you miss the key point, because it isn't the numbers game. Not only are they each individuals, but what you would like to do in each service is retain the quality people; and you know pretty much who those people are. So this quality of life issue becomes the issue that says I have this uncertainty out there created by the drawdown. How do I keep the best people in this process?

And then when you think about that, you say now I got to do more in quality of life than I did before.

Mr. DORNAN. That's what Mr. Buyer meant by masking, that the drawdown was so massive that it masked the hemorrhaging of quality people.

You weren't here, Steve, when Mr. Marsh's very opening remarks mentioned we are going to see people voting with their feet because once the drawdown is done, we don't want to get back to the seventies when senior chief petty officers and master sergeants were voting with their feet and just leaving.

Admiral SMITH. In some ways it's too early to know what the magnitude of that is, but I believe some of the service concerns are that we have got to do more than we have been doing or the quality of people will turn out to have been gone.

Mr. BUYER. You could almost do a little telegraphing here with regard to our academies, and I'm just as concerned about senior NCO's as I am the young officers, but when I look at the academies, I have great interest in making a public investment in the next admirals and generals as opposed to the next CEO's of America, and our academies are pumping out the CEO's of America.

Now, by what they could give with regard to leadership in our country is still yet valuable, but it's also not the purpose of the academies. So that's kind of what's in front of us. We should be very upfront and be painfully honest with ourselves, and I think that's a good telegraphing of almost what is happening.

I believe in a volunteer force, but there are certain things that have to make it work. Otherwise, let's bring back the draft.

You say, gosh, Steve, how could you be talking about bringing back the draft? I think we could have a lot of benefits with the draft if we are not going to support the volunteer force and make sure that we have the right tools to recruit and retain quality people. It has to go across the spectrum, because if you got a spec 4 out there and he's got a wife and two children, then I'm not sure how he makes it, and you need that spec 4 to become a sergeant.

I will yield back.

Mr. DORNAN. The task force is closed down. We have some excellent questions here that we could submit to the panel too, but what would we do with questions for you gentlemen without a staff any longer on the task force? Submit them to the personnel chiefs of the services?

Mr. MARSH. Probably it would be a little easier for us. We have no official status.

Mr. DORNAN. When you see one of these editorials in your daily reading as American citizens with your full first amendment rights, it asks what is our military for except to expend them, use them up, get them out there, make them earn their pay? Write a rebuttal and send me a copy so I could read it slowly on the House floor for a special order.

Mr. Skelton had one more question.

Mr. SKELTON. The purpose of what this subcommittee did last year in putting a floor on each of the military services was to avoid the uncertainty, and we thought we did a good thing, and then we see the testimony coming from the Pentagon futzing those figures for both the Army and the Air Force. It's the law of the land as to what the floor is, and we mean it. And all that testimony did was to create more uncertainty for the soldiers and the airmen that are out there.

This is going to have to be addressed sooner or later. Either the commitments come down or increase the size of the force. And I shared with you earlier in another hearing that I was with the American troops in Macedonia stationed in Germany where there were families in Germany, and some of them have been gone from the families in Germany nine out of the last 12 months. Stressed and stretched, using General Stroup's term.

If people are still talking about trying to bring down the numbers, sooner or later it's going to break. It's going to break. And we could build them beautiful barracks and homes and all that, but if the uncertainty is still there, they are going back to Versailles, MO, to get a job.

Mr. DORNAN. Mr. Peterson.

Mr. PETERSON. Two quick ones. One, it was not under your mandate to look at force structure in this process, though, was it?

Mr. MARSH. No.

Mr. PETERSON. And the second one is, coming away from your report, are you in the feeling that this is a report that is a 911 call, or is it one that we take your recommendations and logically, methodically and realistically address in a repair constructive format?

Mr. MARSH. Some of these things will take quite some time to implement. There are some things that can be done quickly, Mr. Congressman. But I would say in toto, we believe that this quality of life issue is a very significant issue that must be addressed with real seriousness or commitment, or we are going to have problems maintaining the high quality forces that we have.

Every indication I have is that Dr. Perry is deeply committed to this, but there are certain things here that we think need to be moved on very quickly and very aggressively, and I feel that the Department shares that view.

Admiral you may want to add on that.

Admiral SMITH. I agree with him.

Mr. PETERSON. We will address these very seriously and will commit to that, but there is no silver bullet here. There is no one thing that we could do with great abundance and repair this.

It appears that the clock is going to have to help us in this, and if we have to do this over a period of time, given the amount of allocations that we could make towards repair. There are some things that one could do administratively perhaps, but logically we are looking at \$20 billion here and \$9 billion there, and another \$15 billion there and so on, to make the repairs.

So I appreciate your testimony. I think you are all right on target, and I think you have exposed in a very professional way the priorities that we should address. But what I was trying to get really is that, and I hope—and the way I read this—it's not one that we could do with just one fell swoop. This is something we have to commit ourselves over a period of time.

Mr. MARSH. For example, we cite in here on the manpower issue of use of the reserve components. That is not a silver bullet for a lot of the manpower and TEMPO problems that are there. But we can't keep kicking the can down the road either, because these things get back to morale, as the chairman said. You get into morale issues.

Mr. PETERSON. Thank you.

Mr. BUYER. Let me close my comments with this. I think this committee, even on a bipartisan basis, will remain very sensitive to the pressures and the stress that the increased operational TEMPO has on the force and to that service.

And I think we will continue to respond responsibly. By example, when we noticed they created the Civilian-Military programs back in 1992, they thought that the drawdown would have a less operation TEMPO, and the force would get involved in all these Civil programs throughout the country; and this committee acted responsibly last year, I think responsibly—others may disagree—and we curtailed that.

And so we will act where we can to protect the force. And your recommendations we appreciate. Thank you.

Mr. DORNAN. Gentlemen, if you see General Wickham or talk to him the next month or so, please ask him if he wanted to submit anything written for the record at this particular hearing; we would appreciate it. We went much longer than we planned because you were two fascinating witnesses who put a lot of good effort into this, and we appreciate it. We thank you very much, and invite panel two to replace you at the witness table.

We now have the second panel. This is as experienced a panel as we are to ever get in front of this committee. The Honorable Frederick Pang, Assistant Secretary of Defense for Force Management Policy, good to have you back again, particularly with all of your Hill experience, Fred.

Lt. Gen. Theodore G. Stroup, Jr., Deputy Chief of Staff for Personnel, Department of the Army. I thank you for your year-end greeting, General Stroup. I felt we did good work on this committee last year, too, and I liked hearing it from you with a personal note added. Thank you.

Vice Adm. Frank L. Bowman, Chief of Naval Personnel, Department of the Navy. Same to you, Admiral.

Lt. Gen. Michael D. McGinty, Deputy Chief of Staff for Personnel Department of the Air Force. It's your first appearance before the committee, I understand. General McGinty, glad to have you so close to St. Patrick's Day.

And Lt. Gen. George R. Christmas, Deputy Chief of Staff for Manpower and Reserve Affairs, U.S. Marine Corps. And I understand this may be your last appearance?

General CHRISTMAS. Yes, sir.

Mr. DORNAN. I discussed your name with you before, and at whatever level, whether it was recruiting, Mr. Christmas or Second Lieutenant Christmas, Major Christmas, Colonel Christmas, whatever you have done in your career, you have brought joy to everybody particularly in the month of December. So we are going to be sorry to lose Father Christmas coming to give us the joyful news of what we should do to keep morale high in our services.

Thank you all for coming.

Mr. PETERSON. May I interject an issue that you and I share. General Christmas had been on duty, I think, one day when a number of us returned from Vietnam and got into PACAF; and we laid the wood, if you will, to some of our senior officers because we didn't think things were going well there.

This gentleman interceded, and as a result of his work and ultimately some of the things up here, the whole thing changed as to our searches and our commitment in Vietnam on the POW-MIA area, and this is one of the secrets of General Christmas's career that most don't know about.

Mr. DORNAN. Leading many ex-POWs to conclude that there is a Christmas?

Mr. PETERSON. Absolutely.

General CHRISTMAS. And he's in season all year around, sir.

Mr. PETERSON. That's right.

Mr. DORNAN. You probably didn't have to propose too hard to your future wife, Mrs. Christmas. What a nice title that is.

Thank you for sitting in during the whole first panel, and listening carefully to what they were saying. And I'm not going to give away any body language, but I saw some of you nodding appreciatively at several points when the two distinguished members of the prior panel were talking about morale and people voting with their feet.

And I recall because I was here in Congress during the seventies, that the president was a good man. I always maintain that in any discussion on the floor. He had a great background for Commander in Chief. He was an Annapolis graduate, a submarine officer, had been away from his family for great times, but because he was so consumed with foreign affairs and domestic policy, he did not notice the hemorrhaging of talented people by military policy until it was almost too late, and it did take a change of Presidents with a whole new fresh look at what Secretary Marsh said: rebuilding the force. And now our job in the nineties is keeping the quality force. So thank you for your attentiveness during the first panel.

What I will do is ask for opening statements with the regular drill that if you want to submit them and shorten them, fine. If you feel it's important to read it, please do that. And we will start with Mr. Pang.

STATEMENT OF FREDERICK PANG, ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT POLICY

Mr. PANG. Thank you, Mr. Chairman, members of committee. I welcome the opportunity to appear before you today, along with our personnel chiefs of the services, to testify on the quality of life in our armed forces.

I have submitted a written statement which covers the full range of programs under my responsibility, and I ask that it be included in the record with your permission.

Mr. DORNAN. It will be so done.

Mr. PANG. I would like to make a few brief opening remarks about our work together and address some of the specific issues which your staff has highlighted for us.

Mr. Chairman, America can be proud of the state of our armed forces today, and you heard that from Secretary Marsh in his visits to the field. We have the highest quality, the most experienced and most diverse military in history. With careful attention and support of the Congress, we have maintained superior readiness, even as we have restructured from a cold war to post cold war force.

We are about to conclude a remarkably successful and unprecedented drawdown of our volunteer force which two administrations, military leadership and the Congress, especially this subcommittee, worked so hard to achieve. Our recruiting over this period has remained strong, and the signs for the future remain positive.

At the same time as we stabilize our forces, we face some challenges in continuing to provide an adequate quality of life for our men and women in uniform and their families. These challenges include improving the way we house our people, and you heard that from the previous panel, both married and single; continuing to improve community support for our military families and our single members; and adjusting our personnel assignment and training policies to reduce the time military members spend away from home.

Despite these challenges, Mr. Chairman, we are positive about where we are today, and optimistic about our ability, with your continued support, to meet the challenges we will face as we move into the next century.

Regarding your support, we are grateful to the Congress for providing us the authorities and appropriations we requested for fiscal year 1996 to sustain our people. We thank you for the 2.4 percent pay raise we requested for our service members. We thank you for the 5.2 percent increase in basic allowance for members who live in civilian housing; the provision of special duty assignment pay we requested for recruiters who have a very demanding job these days; the equalization of the payment of cost of living allowances we requested for retired military personnel that would have had to be otherwise treated unfairly compared to civilian personnel; and we thank you for the provision of the housing authorities requested by Secretary Perry so we could have more flexibility in improving the housing conditions of our people.

These actions, along with others that you took to support service members say to them that the sacrifices involved in military service are appreciated. This confidence that we will support our people is essential to sustaining the morale so important to a ready force.

This year we have submitted a budget that continues our commitment to provide a fair standard of living for our people. We are asking a three percent pay raise for service members and set aside dollars in our defense program to fund the full pay raise for our people over the next five years.

We are requesting \$710 million in military construction to improve family housing which would result in the construction and replacement of 2,300 units, improvements to another 4,100 units, and construction and replacement of 13 support facilities such as community centers and housing maintenance facilities.

We are requesting \$577 million to improve the housing of single personnel which would result in the construction and modernization of 42 barracks and approximately 12,200 living spaces, with the majority of the new modernized living spaces providing each unaccompanied member a private sleeping area.

We are requesting \$15.3 million to construct or modernize physical fitness centers. We are requesting \$279 million to subsidize 831 facilities and 9,800 child care homes supporting 170,500 spaces.

And we are requesting \$233.6 million to support off-duty education programs for our service members.

Mr. Chairman, these are some of the more notable programs in our fiscal year 1997 budget request, and I bring them to your attention to underscore our continued commitment to the quality of life of our people.

Mr. Chairman, I would like to turn now to the specific issues that your staff asked me to address which I have not previously discussed. First I want to report to you on the issue of personnel TEMPO which Admiral Smith discussed in some detail in the previous panel. Personnel TEMPO, the amount of time a service member spends away from home base is something we paid close attention to. Our work in this area is ongoing, but I could tell you that the greatest demands are centered on the relatively small number of units.

Last year when I testified before this subcommittee, I gave six examples of types of units that had been affected by high PERSTEMPO. AWAC's, A-10's, Patriot missiles, civil affairs, Lamps helicopters and amphibious ships. I would like to give you a brief update on our progress in these areas.

The Air Force has taken special action to reduce stress on AWACs crews. First, the Air Force has increased the use of air reserve components including the standing up of a Reserve Associates Squadron at Tinker Air Force Base.

Second, Air Force has reduced the level of AWACs taskings, allowing it to catch up on training, the additional crews necessary to reduce PERSTEMPO. These actions will bring the air crew temporary duty [TDY] rate, below the 120 days the Air Force desires as a maximum.

By balancing its use of resources, the Air Force has also been able to reduce the PERSTEMPO stress for A-10 crews. Temporary duty for A-10 personnel in the United States Air Force's Europe and the air combat command are both close to or below the desired maximum.

As I reported last year, Patriot Missile deployments were increasing, although there was a drop in retention of personnel operating these systems. To fix this problem, the Army offered bonuses to critical skills. Increase the force structure and forward-based some units. As a result, we have achieved the retention levels needed to maintain the proper skill mix.

Civil affairs units, as you know, are heavily used in the types of operations that marked the early post-cold war period. We believe that greater use of our reserves civil affairs units will reduce PERSTEMPO for the 1996 affairs battalion, our only active civil affairs unit. The effectiveness of this approach has already been demonstrated in Haiti and Bosnia.

When I testified last year, Lamps helicopter and amphibious ship crews had been working extra hard, recording high PERSTEMPO, and I can report there as well that PERSTEMPO rates for both communities are within Navy standards.

The second issue I was asked to address was the adequacy of the reimbursement for service members for moves they are required to make. It is fair to say that most of our members are not fully reimbursed for their moves. This is a problem that we and the Congress have worked on, but we still have some distance to go.

We have recently taken steps to make it simpler and less costly for members to move their household goods. And we have instituted travel procedures to simplify the payment of travel claims. Our Per Diem Travel and Transportation Allowance Committee is exploring this issue systematically, and will make recommendations for us to consider.

The third issue concerns the benefits for widows of service members whose incomes fall below a minimum established in law.

During a consolidation of the defense finance and accounting centers, about 155 beneficiaries were dropped from the program when an audit discovered that they had lost their eligibility for the Department of Veterans Affairs program, which is a prerequisite for receiving these payments through DOD. Unfortunately, some of these widows were sent debt notices because they have been overpaid.

We have sought, and the comptroller general has waived, any repayment requirement for those affected, and we have worked with the defense accounting and finance service and the VA to simplify the benefit termination payment process. We trust these actions will correct the problem.

The fourth issue was the funding of the impact aid program. In the National Defense Authorization Act for fiscal year 1996 the Congress provided a plus-up of \$35 million to the Department of Defense to supplement impact aid payments to the states that have large numbers of Federal employees, including military personnel whose children attend public schools in the community. Impact aid is important to military communities, and we appreciate the concern and support of the Congress for this program.

That said, we believe that impact aid is properly the responsibility of the Department of Education, and we are working with the Department of Education to seek the more appropriate level of funding for impact aid.

Mr. DORNAN. Just one comment on this, Mr. Pang. This is a good statement, but the Congress, I think, wants more than what you outlined. I just want to make that comment.

Go ahead, sir.

Mr. BUYER. That's a great comment, though.

Mr. DORNAN. Yes.

Mr. PANG. The last issue I was asked to address concerns individuals with assignment restrictions.

Currently we have about 6,500 personnel who have permanent assignment restrictions mostly for medical reasons. In the aggregate, these individuals represent four-tenths of one percent of our force. Included in this number are about 935 individuals who have tested positive for the HIV virus. This group represents less than six-one hundredths of one percent of our force. All personnel on active duty who have permanent assignment restrictions currently meet our medical, physical and performance standards for retention, and we have no indication at this time that their assignment limitations are projected to have a negative effect on the combat readiness of our forces.

In fact, General Shalikashvili, our chairman of the Joint Chiefs of Staff in testimony before the Senate Armed Services Committee stated with respect to the HIV separation law, and I quote,

I think it is unfair and that is what bothers me very much. I think it is, in a number of cases, wasteful because we do have individuals who are in the middle ranks and whom we invested some training and have considerable experience and so they continue to contribute.

Mr. Chairman, this concludes my oral statement. As always, our goal in everything we do is to maintain a ready fighting force, ensure that we effectively utilize our manpower resources, and make service in the armed forces attractive and satisfying. Thank you for the opportunity to appear before you. I'm prepared to answer any questions you have.

[The prepared statement of Mr. Pang follows:]

**STATEMENT OF THE
HONORABLE FREDERICK PANG
ASSISTANT SECRETARY OF DEFENSE
(FORCE MANAGEMENT POLICY)
BEFORE THE
MILITARY PERSONNEL
SUBCOMMITTEE
OF THE COMMITTEE ON NATIONAL
SECURITY
UNITED STATES
HOUSE OF REPRESENTATIVES
MARCH 12, 1996**

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**Prepared Statement of
The Honorable Fred Pang
Assistant Secretary of Defense
(Force Management Policy)
Quality of Life Issues Hearings
March 12, 1996**

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. I WELCOME THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY, ALONG WITH THE PERSONNEL CHIEFS OF THE SERVICES, TO TESTIFY ON THE QUALITY OF LIFE IN OUR ARMED FORCES.

IT IS TRULY A PRIVILEGE TO BE A MEMBER OUR NATIONAL SECURITY TEAM AT THIS PERIOD IN OUR HISTORY. IT IS HARD TO THINK OF A TIME WHEN THERE WAS SO MUCH TO BE OPTIMISTIC ABOUT IN OUR BUSINESS.

- WE HAVE A HIGH QUALITY, EXPERIENCED, AND DIVERSE MILITARY FORCE.
- THE SENIOR CIVILIAN AND MILITARY LEADERSHIP HAVE DEVELOPED A EXCELLENT WORKING RELATIONSHIP AND ENJOY GREAT MUTUAL RESPECT.
- OUR COMMANDER IN CHIEF HAS USED DIPLOMACY AND THE JUDICIOUS USE OF MILITARY POWER TO HELP BRING PEACE TO MANY PARTS OF THE WORLD AND TO RAISE AMERICA'S INFLUENCE AND RESPECT TO NEW HIGHS.
- THROUGH CAREFUL ATTENTION, WE HAVE MAINTAINED SUPERIOR READINESS IN THE FORCE.
- WE ARE NEARING THE CONCLUSION OF A REMARKABLY SUCCESSFUL DRAW DOWN OF OUR FORCES WHICH TWO ADMINISTRATIONS, THE MILITARY LEADERSHIP, AND THE CONGRESS WORKED SO HARD TO

ACHIEVE. OUR RECRUITING HAS REMAINED STRONG THROUGH A DIFFICULT PERIOD, AND SIGNS FOR THE FUTURE ARE HOPEFUL.

- AND, MR. CHAIRMAN, IT SEEMS EVERYONE HAS COME TO KNOW WHAT THIS COMMITTEE HAS KNOWN FOR A LONG TIME: THAT PEOPLE ARE THE FOUNDATION OF MILITARY READINESS -- AND AS A RESULT WE HAVE EMBARKED ON AN AMBITIOUS PROGRAM TO SUPPORT THE QUALITY OF LIFE OF OUR SERVICE MEMBERS.

SO, WHILE I RECOGNIZE THERE ARE DIFFICULT PROBLEMS TO BE SOLVED, I COME TO YOU ENTHUSIASTIC ABOUT WHERE WE ARE TODAY AND OPTIMISTIC ABOUT OUR ABILITY TO MEET THE CHALLENGES AHEAD OF US.

I WOULD LIKE TO TALK TO YOU NOW ABOUT THE MISSION WHICH SECRETARY PERRY HAS LAID OUT FOR THE DEFENSE DEPARTMENT.

HE HAS SET A FOUR PART CHALLENGE FOR THE COMING YEAR:

- KEEP OUR FORCES READY.
- MODERNIZE TO MAINTAIN TECHNOLOGICAL SUPERIORITY.
- IMPROVE OUR ABILITY TO CONDUCT JOINT OPERATIONS.
- AND, IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE WAY THE DEPARTMENT DOES BUSINESS.

THE SECRETARY HAS FURTHER DIVIDED OUR READINESS MISSION IN TO THREE PARTS:

- NEAR-TERM READINESS, WHICH REQUIRES ADEQUATE OPERATION AND MAINTENANCE FUNDING AND A ROBUST LEVEL OF REALISTIC TRAINING.

- MEDIUM TERM READINESS, WHICH REQUIRES A STABLE FORCE AND SUPPORT FOR MILITARY QUALITY OF LIFE.
- AND, LONG TERM READINESS, WHICH WILL DEPEND ON MODERNIZATION AND INNOVATION IN TECHNOLOGIES, OPERATIONS, AND ORGANIZATION.

IN FORCE MANAGEMENT POLICY, OUR FOCUS IS ON MEETING THE CHALLENGE OF MEDIUM TERM READINESS -- BRINGING STABILITY TO THE FORCE AND IMPLEMENTING THE SECRETARY'S AMBITIOUS QUALITY OF LIFE INITIATIVE.

OUR DOWNSIZING OF THE ACTIVE COMPONENT IS NOW OVER 90 PERCENT COMPLETE. THE REDUCTIONS WE ARE IMPLEMENTING IN FISCAL YEAR 1996 WILL ESSENTIALLY COMPLETE THE DRAWDOWN OF OUR ACTIVE FORCES. I CAN REPORT THAT, DESPITE THE UNPRECEDENTED CHALLENGE OF SHRINKING AN ALL-VOLUNTEER FORCE, WE CONTINUE TO MEET OR EXCEED OUR NATIONAL SECURITY OBJECTIVES WITH RESPECT TO THE SIZE AND CAPABILITIES OF THE ARMED FORCES. BECAUSE THE MILITARY LEADERS WERE SKILLFUL IN EXECUTING THIS DRAWDOWN, OUR FORCE TODAY IS MORE EXPERIENCED, OF HIGHER QUALITY, MORE DIVERSE, AND WITH THE RIGHT MIX OF SKILLS TO MEET CURRENT AND FUTURE CHALLENGES.

AS THE DEPARTMENT OF DEFENSE REACHES THE END OF THE DRAWDOWN, IT HAS BECOME INCREASINGLY IMPORTANT TO EXAMINE THE FACTORS NECESSARY TO SUSTAIN THE QUALITY AND COMMITMENT OF THE MEN AND WOMEN WHO WILL MAKE UP THE FORCE OF THE FUTURE. THE DEPARTMENT MUST ENSURE IT IS POSITIONED TO PROVIDE FOR THE BASIC NEEDS OF SERVICE MEMBERS AND MILITARY FAMILIES. THIS MEANS ATTENDING TO BASICS LIKE COMPENSATION, HOUSING AND

HEALTH CARE, AS WELL AS PROVIDING OPPORTUNITY FOR PHYSICAL, MENTAL, AND SPIRITUAL DEVELOPMENT. THE DEPARTMENT HAS DESIGNED QUALITY OF LIFE PROGRAMS TO MEET FUTURE NEEDS, AS WELL AS TO ADDRESS PRESENT CONDITIONS.

FOR THE 1.5 MILLION MEN AND WOMEN ON ACTIVE DUTY, THIS ADMINISTRATION HAS ESTABLISHED AND FUNDED AN EXTRAORDINARY INITIATIVE, FIRST OUTLINED BY SECRETARY PERRY IN 1994, TO SUPPORT THEM AND THEIR FAMILIES. IT BEGAN WITH PRESIDENT CLINTON AND SECRETARY PERRY'S DETERMINATION TO SPEND THE \$7.7 BILLION NECESSARY TO SEE THAT SERVICE MEMBERS GET THE MAXIMUM PAY RAISE ALLOWED BY LAW THROUGH THE END OF THE DECADE -- AN UNPRECEDENTED COMMITMENT. ADDITIONALLY, SECRETARY PERRY'S QUALITY OF LIFE INITIATIVE COMMITTED \$2.7 BILLION OVER FISCAL YEARS 1996-01 TO IMPROVE HOUSING, EXPAND CHILD CARE, SUPPLEMENT THE INCOME OF SERVICE MEMBERS ASSIGNED TO HIGH COST AREAS IN THE UNITED STATES, NARROW THE HOUSING COST GAP, IMPROVE MORALE AND RECREATION SERVICES, AND PROVIDE OTHER BENEFITS FOR THE MEMBERS AND THEIR FAMILIES.

MR. CHAIRMAN, OUR GOAL -- IN EVERYTHING WE DO -- IS TO MAINTAIN A READY FIGHTING FORCE, SUPPORT SERVICE MEMBERS, AND MAKE SERVICE IN THE ARMED FORCES AN ATTRACTIVE AND SATISFYING CAREER. WE ARE SUCCESSFUL WHEN THE FORCE IS READY AND THE SOLDIERS, SAILORS, AIRMEN, AND MARINES IN THE FIELD AND IN THE FLEET FEEL THAT WE ARE KEEPING THE PROMISES WE MADE TO THEM WHEN THEY SIGNED ON.

NOW I WOULD LIKE TO REVIEW THE SPECIFICS OF OUR PLANS AND PROGRAMS FOR FISCAL YEAR 1997.

RECRUITING

A KEY COMPONENT OF READINESS IS A STEADY FLOW OF HIGH-QUALITY RECRUITS. EACH SERVICE MUST ENLIST ENOUGH PEOPLE EACH YEAR TO PROVIDE A FLOW OF QUALIFIED VOLUNTEERS FROM WHICH THE SEASONED LEADERS OF THE FUTURE WILL BE SELECTED. DOD MUST RECRUIT ABOUT 200,000 YOUNG PEOPLE ANNUALLY TO JOIN THE FULL-TIME, ACTIVE DUTY ARMED FORCES; AND APPROXIMATELY 150,000 FOR THE SELECTED RESERVE. WE ESTIMATE THAT OUR GOAL FOR NON-PRIOR SERVICE ACCESSIONS FOR THE ACTIVE FORCE WILL INCREASE BY MORE THAN 15 PERCENT FROM CURRENT LEVELS OVER THE NEXT THREE YEARS.

TOP-LEVEL OVERSIGHT

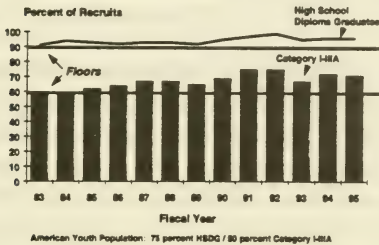
BECAUSE RECRUITING IS VITAL TO READINESS, THE SENIOR PANEL ON RECRUITING WAS ESTABLISHED IN APRIL 1994 TO PROVIDE OVERSIGHT OF RECRUITING STATUS AT THE HIGHEST LEVELS OF THE DEPARTMENT. THE DEPUTY SECRETARY OF DEFENSE CHAIRS THIS PANEL AND CONVENES IT ON A REGULAR BASIS. MEMBERSHIP INCLUDES THE SECRETARIES OF THE MILITARY DEPARTMENTS AND THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF. THIS GROUP IS ABLE TO DEAL QUICKLY AND EFFECTIVELY WITH EMERGING PROBLEMS.

RECRUITING RESULTS

IN THE LAST TWO YEARS, DOD HAS DONE WELL IN ATTRACTING HIGH-QUALITY RECRUITS. FOR EXAMPLE, MORE THAN 95 PERCENT OF ALL ACTIVE DUTY RECRUITS HELD A HIGH SCHOOL DIPLOMA, WHILE ONLY ABOUT 75 PERCENT OF AMERICAN YOUTH, AGES 18 TO 23, HAVE THAT

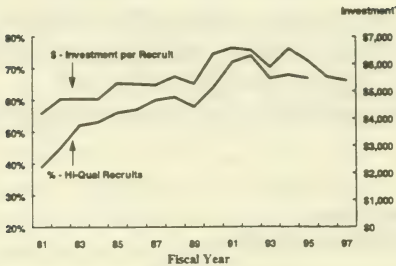
CREDENTIAL. IN ADDITION, OVER 70 PERCENT OF NEW RECRUITS SCORED ABOVE AVERAGE ON THE ENLISTMENT TEST, COMPARED TO 50 PERCENT OF THE TOTAL YOUTH POPULATION. HIGHER LEVELS OF RECRUIT QUALITY SERVE TO REDUCE ATTRITION WHILE INCREASING HANDS-ON JOB PERFORMANCE -- AND THAT MEANS DEDICATION AND PRODUCTIVITY, WHICH ARE ESSENTIAL TO UNIT PERFORMANCE AND READINESS.

DoD Recruit Quality Versus Benchmarks (Floors)...



THERE IS A CLEAR RELATIONSHIP BETWEEN THE AMOUNT OF MONEY SPENT FOR RECRUITING AND THE QUALITY OF NEW RECRUITS. WE WILL CONTINUE TO MONITOR TRENDS TO ENSURE WE HAVE ADEQUATE RESOURCES TO SUSTAIN A DIVERSE, HIGH QUALITY MILITARY FORCE THAT IS READY AND ABLE TO RESPOND TO THE NATION'S DEFENSE NEEDS.

Recruiting Resources & Quality Recruits...



* Spending means recruits, advertising, education benefits, and bonuses per recruit in the year shown (constant FY 1996 dollars). Hi-Qual = HSDG/IIIA.

FOR THE NEXT SEVERAL YEARS, ACCESSION REQUIREMENTS APPEAR TO RISE FASTER THAN PROGRAMMED RESOURCES. THEREFORE, THE DEPARTMENT HAS ENCOURAGED THE SERVICES TO REPROGRAM, IF NECESSARY, TO MAKE SURE THAT WE ARE ABLE TO MEET RECRUIT QUANTITY AND QUALITY GOALS. CONGRESS BOOSTED RECRUITING RESOURCES BY \$89M IN FY 1995 AND \$31M IN FY 1996. THE DEPARTMENT IS GRATEFUL FOR YOUR CONTINUING, STRONG SUPPORT IN THIS VITAL AREA.

RECRUITING RESULTS

THE DEPARTMENT MET ITS FY 1995 RECRUITING GOALS WHILE MAINTAINING EXCELLENT RECRUIT QUALITY. IN FACT, 1995 WAS A BETTER YEAR IN TERMS OF QUALITY ACHIEVEMENT THAN ANY YEAR DURING THE 1980S. IN ADDITION TO MEETING QUALITY GOALS, WE ALSO WERE SUCCESSFUL IN OUR NUMERICAL TARGETS, ENLISTING 175,783 RECRUITS --168,010 NON-PRIOR SERVICE (NPS) ENLISTEES AND 7,773 PRIOR

SERVICE RECRUITS. ALL SERVICES EXCEEDED THE DEPARTMENT'S ESTABLISHED RECRUIT QUALITY FLOORS OF 90 PERCENT FOR HIGH SCHOOL DIPLOMA GRADUATES AND 60 PERCENT SCORING ABOVE AVERAGE IN APTITUDE (AFQT CATEGORIES I-III). DEPARTMENT-WIDE, 96 PERCENT OF NEW RECRUITS WERE HIGH SCHOOL DIPLOMA GRADUATES AND 71 PERCENT SCORED IN APTITUDE CATEGORIES I-III. THE PERCENTAGE OF "HIGH QUALITY" RECRUITS (THOSE WHO HAVE BOTH A HIGH SCHOOL DIPLOMA AND ALSO SCORE IN CATEGORIES I - III) WAS 67 PERCENT. FINALLY, LESS THAN ONE PERCENT OF NEW RECRUITS SCORED IN THE LOWEST ACCEPTABLE CATEGORY (AFQT CATEGORY IV).

QUALITY AND NUMBERS OF ENLISTED ACCESSIONS - ACTIVE						
FY 1995 QUALITY INDICES			ACCESSIONS ¹ (IN 000S)			
COMPONENT/ SERVICE	PERCENT HIGH SCHOOL DIPLOMA GRADUATES	PERCENT ABOVE AVERAGE APTITUDE AFQT I-III	FY 1995 OBJECTIVES	FY 1995 ACTUAL	FY 1996 PLANNED ²	FY 1997 PLANNED ²
ARMY	96	89	62.9	62.9	68.0	90.7
NAVY	95	86	48.6	48.6	57.0	57.2
MARINE CORPS	96	66	32.3	33.2	33.8	36.2
AIR FORCE	99	84	30.9	31.0	30.7	30.3
TOTAL	96	71	174.8	175.8	189.5	214.4
1 INCLUDES PRIOR SERVICE ACCESSIONS.						
2 BASED ON SERVICE RECRUITING PRODUCTION REPORTS & DOD FY 1997 BUDGET ESTIMATES.						

THE DEPARTMENT ALSO WAS SUCCESSFUL IN RECRUITING FOR THE RESERVES, WITH 90 PERCENT OF RESERVE ACCESSIONS HOLDING A HIGH SCHOOL DIPLOMA, AND MORE THAN TWO-THIRDS DRAWN FROM THE ABOVE-AVERAGE APTITUDE GROUP (AFQT CATEGORIES I-III). WE WILL BE CLOSELY MONITORING THE MONTHLY POSTURE OF RESERVE RECRUITING FOR FY 1996, GIVEN THE ROUGHLY 15 PERCENT RISE IN RECRUITING GOALS OVER THE PREVIOUS YEAR.

QUALITY AND NUMBERS OF ENLISTED ACCESSIONS - SELECTED RESERVE

FY 1995 QUALITY INDICES			TOTAL ACCESSIONS			
NON-PRIOR SERVICE			NON-PRIOR AND PRIOR SERVICE (IN 000S)			
COMPONENT/ SERVICE	PERCENT HIGH SCHOOL DIPLOMA GRADUATES	PERCENT ABOVE AVERAGE APTITUDE AFQT I-III A	FY 1995 OBJECTIVE ¹	FY 1995 ACTUAL ¹	FY 1996 PLANNED ²	FY 1997 PLANNED 2
ARMY NATIONAL GUARD	82	54	80.6	56.7	88.6	64.1
ARMY RESERVE	85	75	47.7	48.1	50.7	47.7
NAVAL RESERVE	NA ³	NA ³	13.6	13.7	17.2	16.8
MARINE CORPS RESERVE	98	77	9.6	9.9	10.2	10.5
AIR NATIONAL GUARD	94	76	8.4	8.4	8.7	8.4
AIR FORCE RESERVE	94	78	8.8	8.5	6.9	8.7
TOTAL	90	67	148.7	145.2	162.3	154.2
1 BASED ON SERVICE COMPONENT RECRUITING PRODUCTION REPORTS.						
2 FY 1997 DOD BUDGET ESTIMATES.						
3 NAVAL RESERVE ACCESSED ONLY PRIOR SERVICE RECRUITS IN FY 1995.						

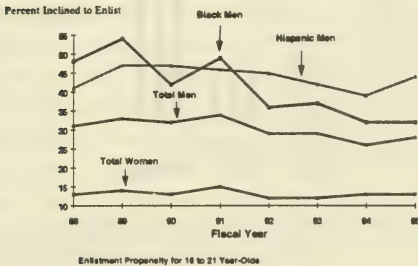
PROPENSITY

EACH YEAR SINCE 1975, THE DEPARTMENT OF DEFENSE HAS CONDUCTED THE YOUTH ATTITUDE TRACKING STUDY (YATS), A COMPUTER-ASSISTED TELEPHONE INTERVIEW OF A NATIONALLY REPRESENTATIVE SAMPLE OF 10,000 YOUNG MEN AND WOMEN. THIS SURVEY PROVIDES INFORMATION ON THE PROPENSITY, ATTITUDES, AND MOTIVATIONS OF YOUNG PEOPLE TOWARD MILITARY SERVICE. ENLISTMENT PROPENSITY IS THE PERCENTAGE OF YOUTH WHO TELL US THEY PLAN TO "DEFINITELY" OR "PROBABLY" ENLIST OVER THE NEXT FEW YEARS. RESEARCH HAS SHOWN THAT SUCH EXPRESSED INTENTIONS ARE STRONG PREDICTORS OF THE OVERALL ENLISTMENT BEHAVIOR OF AMERICAN YOUTH.

OVER THE PAST SEVERAL YEARS, ENLISTMENT PROPENSITY HAS DECLINED AS THE SERVICES EXPERIENCED SERIOUS CUTS IN RECRUITING

RESOURCES. IN FISCAL YEARS 1995-96, RECRUITMENT ADVERTISING WAS INCREASED BY \$89 MILLION AND \$31 MILLION RESPECTIVELY; THAT INVESTMENT, COUPLED WITH HARD WORK BY OUR RECRUITERS, IS PROVIDING RESULTS -- 1995 YATS RESULTS INDICATE THAT THE DECLINE IN PROPENSITY MAY HAVE ABATED. FOR EXAMPLE, IN 1995, 28 PERCENT OF 16-21 YEAR-OLD MEN EXPRESSED A POSITIVE PROPENSITY FOR AT LEAST ONE ACTIVE-DUTY SERVICE -- UP FROM 26 PERCENT IN 1994.

Enlistment Propensity Trends...



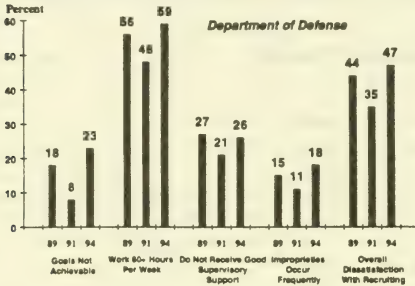
CONTINUED INVESTMENTS IN RECRUITING AND ADVERTISING WILL BE REQUIRED, HOWEVER, TO ENSURE THAT THE POOL OF YOUNG MEN AND WOMEN INTERESTED IN THE MILITARY WILL BE SUFFICIENT TO MEET SERVICE PERSONNEL REQUIREMENTS FOR THE FUTURE.

RECRUITER STRESS

IN RECENT SURVEYS RECRUITERS HAVE REPORTED HIGHER LEVELS OF STRESS AND DISSATISFACTION, WITH 60 PERCENT OF RECRUITERS WORKING 60-PLUS HOUR WEEKLY, AND 20 PERCENT REPORTING THAT GOALS MAY NOT BE ACHIEVABLE. THE RECRUITERS ALSO REPORTED A

RANGE OF OTHER QUALITY-OF-LIFE CONCERNS. ACCORDINGLY, THE DEPARTMENT ASKED THAT THE SERVICES REVIEW RECRUITING POLICIES AND PRACTICES TO IMPROVE RECRUITER QUALITY OF LIFE AND REDUCE PRESSURES THAT MIGHT, POTENTIALLY, LEAD TO IMPROPRIETIES.

Recruiter Morale Down & Stress Up...



THIS JOINT STUDY OF RECRUITER QUALITY-OF-LIFE ISSUES CURRENTLY IS FOCUSING ON A NUMBER OF POTENTIAL IMPROVEMENTS, FOR EXAMPLE:

HEALTH CARE. A LONGSTANDING CONCERN HAS BEEN OUR ABILITY TO PROVIDE CONVENIENT QUALITY HEALTH CARE TO RECRUITERS. TOWARD THIS END, WE HAVE ASSESSED THE FEASIBILITY OF PROVIDING TRICARE PRIME TO RECRUITERS EVEN THOUGH THEY SERVE IN AREAS OUTSIDE THE NORMAL AREAS OF COVERAGE. WE WILL DEMONSTRATE THIS CONCEPT IN THE NORTHWEST REGION (REGION 11) BEGINNING THIS SPRING. THE TEST IS SCHEDULED TO LAST APPROXIMATELY SIX MONTHS. IF SUCCESSFUL, IT WILL BE EXPANDED TO COVER ALL REGIONS. OTHER INITIATIVES INCLUDE PROVIDING A HEALTH CARE MANAGEMENT

PROGRAM; AND PROVIDING RECRUITERS WITH MEDICAL DEBIT CARDS THAT GUARANTEE PAYMENT TO HEALTH CARE PROVIDERS.

CHILD CARE. TO ADDRESS THE CHILD CARE NEEDS OF OUR RECRUITING FORCE WE ARE LOOKING AT THE FEASIBILITY OF USING CHILD CARE SPACES IN OTHER GOVERNMENT PROGRAMS. THIS INCLUDES NEGOTIATING WITH THE GENERAL SERVICES ADMINISTRATION TO OBTAIN SPACES FOR MILITARY MEMBERS AT 102 GOVERNMENT-OWNED AND LEASED LOCATIONS NATIONWIDE.

HOUSING PROGRAM. WE HAVE FOUND THAT MANY RECRUITERS -- PARTICULARLY THOSE STATIONED IN HIGHER-COST AREAS -- ARE EXPERIENCING VERY STEEP HOUSING COSTS. THEREFORE, WE ARE EVALUATING THE FEASIBILITY OF ESTABLISHING A LEASED-FAMILY-HOUSING PROGRAM THAT WOULD HELP THOSE RECRUITERS AND OTHERS. IN RESPONSE TO A REQUIREMENT SET FORTH IN THE FISCAL YEAR 1996 AUTHORIZATION ACT, WE ARE WORKING TO REFINER OUR ASSESSMENT OF THIS ISSUE. WE WILL PROVIDE THE COMMITTEE WITH OUR REPORT AND RECOMMENDATIONS BY THE END OF MAY.

SPECIAL PAY. THE CONGRESS RECENTLY AUTHORIZED AN INCREASE IN SPECIAL DUTY ASSIGNMENT PAY (SDAP) FROM \$275 TO \$375 PER MONTH. WE ARE NOW IMPLEMENTING THIS NEEDED AND TIMELY BOOST IN THE TANGIBLE RECOGNITION THAT WE PROVIDE TO RECRUITERS.

ALSO, AS A FOLLOW UP TO GAO AND DEFENSE MANAGEMENT REVIEWS, THE DEPARTMENT INITIATED A JOINT-SERVICE STUDY TO EVALUATE THE VIABILITY AND COST-EFFECTIVENESS OF ALTERNATIVE CONCEPTS FOR RECRUITING SUPPORT, INCLUDING THE CONSOLIDATION OF RECRUITING SUPPORT UNDER A SINGLE ORGANIZATION. WE HAVE

EVALUATED SEVERAL KEY FUNCTIONAL AREAS, INCLUDING RECRUITING FACILITIES; TRANSPORTATION, SUPPLY, AND EQUIPMENT; AUTOMATION AND COMMUNICATIONS; MARKET ANALYSIS AND RESEARCH; ADVERTISING AND PROMOTIONAL SUPPORT; AND QUALITY OF LIFE FOR RECRUITERS AND THEIR FAMILIES.

THE STUDY FOUND THAT MANY SUPPORT FUNCTIONS ARE ALREADY PERFORMED JOINTLY OR ON A COOPERATIVE BASIS. THE ANALYSIS ALSO INDICATED THAT POTENTIAL SAVINGS FROM CONSOLIDATING THE REMAINING SUPPORT FUNCTIONS UNDER A SINGLE COMMAND MAY REDUCE THEIR EFFECTIVENESS. HOWEVER, THE STUDY DID IDENTIFY WAYS TO STREAMLINE EXISTING SUPPORT ACTIVITIES AND IDENTIFIED SEVERAL QUALITY OF LIFE INITIATIVES.

OFFICER PROGRAMS

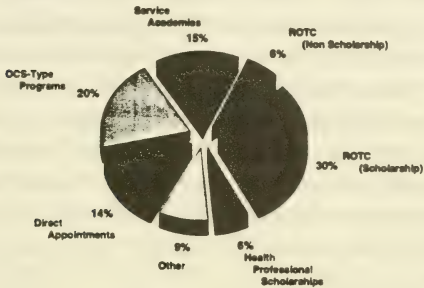
THE DEPARTMENT CONTINUES TO BALANCE ITS OFFICER ACCESSIONS PROGRAM BY USING A MIX OF SOURCES:

- RESERVE OFFICERS' TRAINING CORPS (36 PERCENT OF ACCESSIONS) PROGRAMS PROVIDE A VARIED ACADEMIC AND GEOGRAPHICAL MIX
- OFFICER CANDIDATE PROGRAMS (20 PERCENT) PROVIDE GROWTH OPPORTUNITIES FOR MANY, INCLUDING THE ENLISTED FORCE.
- THE SERVICE ACADEMIES (15 PERCENT) PROVIDE AN ANNUAL INFLUX OF OFFICERS WHO COUPLE A DEEP UNDERSTANDING OF THE MILITARY CULTURE WITH IMPORTANT TECHNICAL SKILLS.
- FINALLY, DIRECT APPOINTMENTS (14 PERCENT) AND HEALTH PROFESSIONAL PROGRAMS (6 PERCENT) PROVIDE OFFICERS TO THE

PROFESSIONAL BRANCHES, WITH A VARIETY OF SMALLER PROGRAMS ACCOUNTING FOR THE REMAINING 9 PERCENT.

WE BELIEVE THAT THIS MIX ACROSS COMMISSIONING SOURCES PROVIDES APPROPRIATE BALANCE AND DIVERSITY WITH REGARD TO ACADEMIC DISCIPLINES, DEMOGRAPHICS, AND MILITARY EXPERIENCE.

**Officer Accessions by Source...
FY 1995**



DRAWDOWN

AS I SAID AT THE OUTSET, THE ENDSTRENGTH REDUCTIONS PLANNED FOR FISCAL YEAR 1996 WILL ESSENTIALLY COMPLETE THE DRAWDOWN OF THE ACTIVE FORCES.

IT IS IMPORTANT TO REITERATE THAT WE HAVE ACHIEVED OUR DRAWDOWN OBJECTIVES WHILE TREATING PEOPLE FAIRLY, WHETHER THEY STAYED IN SERVICE OR SEPARATED. EVEN THOUGH THE NUMBER OF ACTIVE DUTY PERSONNEL ALREADY HAS BEEN REDUCED BY MORE THAN 650,000, THE NUMBER OF SERVICE MEMBERS WHO HAVE BEEN INVOLUNTARILY SEPARATED HAS BEEN QUITE SMALL. MUCH OF THE

CREDIT FOR OUR SUCCESS IS ATTRIBUTABLE TO THE STRONG SUPPORT AND ENCOURAGEMENT OF THE CONGRESS, WHICH PROVIDED THE SEPARATION INCENTIVES AND TRANSITION PROGRAMS NEEDED TO KEEP FAITH WITH THOSE WHO SERVE IN AMERICA'S ARMED FORCES.

MANAGING THE DRAWDOWN OF ACTIVE FORCES

OUR DRAWDOWN OBJECTIVES ARE STRAIGHTFORWARD: TAKE CARE OF PEOPLE -- BOTH THOSE WHO ARE LEAVING AND THOSE WHO ARE STAYING -- WHILE MAINTAINING READINESS TO ACCOMPLISH THE MISSIONS THAT OUR MILITARY FORCES ARE CALLED UPON TO UNDERTAKE. IN ACCOMPLISHING THESE OBJECTIVES, WE MUST CAREFULLY EVALUATE THE WAYS IN WHICH TODAY'S DECISIONS WILL AFFECT TOMORROW'S FORCE. OUR ABILITY TO ACHIEVE THESE OBJECTIVES HAS IMPROVED AS A DIRECT CONSEQUENCE OF THE TOOLS WE HAVE BEEN PROVIDED BY THE CONGRESS TO MANAGE MANPOWER REDUCTIONS FAIRLY AND EFFECTIVELY.

Active Military End Strength				
	FY 95 (Actual)	FY 96 (Auth)	FY 97 (Budget)	FY 99 (Program)
Army	508,559	495,000	495,000	495,000
Navy	434,617	428,340	406,964	394,900
Air Force	400,409	388,200	381,498	380,900
Marine Corps	174,639	174,000	174,000	174,000
Total	1,518,224	1,485,540	1,457,462	1,444,800

WHEN THE CURRENT REDUCTIONS BEGAN, THERE WERE NEARLY 2.2 MILLION MEN AND WOMEN ON ACTIVE DUTY. BY THE END OF FISCAL YEAR 1996 WE WILL HAVE FEWER THAN 1.5 MILLION; AND BY THE END OF THE DRAWDOWN IN FISCAL YEAR 1999, WE'LL HAVE APPROXIMATELY 1.45

MILLION. OVERALL THAT'S A REDUCTION OF ABOUT ONE-THIRD OF THE ACTIVE FORCE.

EFFECTIVE PERSONNEL MANAGEMENT AUTHORITIES

BEGINNING IN FISCAL YEAR 1992, THE VOLUNTARY SEPARATION INCENTIVE (VSI) AND SPECIAL SEPARATION BENEFIT (SSB) WERE AUTHORIZED AND FUNDED. ALSO, MORE FLEXIBLE SELECTIVE EARLY RETIREMENT BOARD (SERB) AUTHORITY REMOVED SOME OF THE STATUTORY RESTRICTIONS THAT LIMITED THE NUMBER AND TYPE OF OFFICERS WHO COULD BE CONSIDERED FOR EARLY RETIREMENT; THUS THE SERVICES COULD MANAGE THE RETIREMENT-ELIGIBLE PORTION OF THE FORCE MORE VIGOROUSLY. THE TEMPORARY EARLY RETIREMENT AUTHORITY (TERA), PROVIDING FOR A RETIREMENT AFTER 15 YEARS OF SERVICE, WAS ENACTED IN FISCAL YEAR 1993.

THE SUCCESS OF THESE VOLUNTARY SEPARATION AUTHORITIES IS DEMONSTRATED BY AN IMPORTANT FACT -- ABOUT 150,000 CAREER MEMBERS WILL HAVE DEPARTED VOLUNTARILY UNDER THESE AUTHORITIES BY THE END OF THIS FISCAL YEAR, AND AS A DIRECT CONSEQUENCE, THERE HAVE BEEN FEWER THAN 2,000 INVOLUNTARY SEPARATIONS. THIS IS AN EXTRAORDINARY ACCOMPLISHMENT.

A HIGHER QUALITY, MORE EXPERIENCED FORCE

AN IMPORTANT ACCOMPLISHMENT IN OUR EFFORTS TO RIGHT-SIZE THE ARMED FORCES CENTERS ON THE GROWTH IN QUALITY, EXPERIENCE, AND DIVERSITY -- ALL HAVE INCREASED SUBSTANTIALLY SINCE THE DRAWDOWN BEGAN. THE HIGH QUALITY IS DEMONSTRATED BY THE FACT THAT THE PROPORTION OF ACTIVE DUTY ENLISTED PERSONNEL IN

THE ABOVE-AVERAGE APTITUDE GROUP (AFQT CATEGORIES I-III) HAS INCREASED FROM 57 PERCENT IN 1987, WHEN THE DRAWDOWN BEGAN, TO 66 PERCENT IN 1995. THOSE IN THE LOWEST ACCEPTABLE GROUP (AFQT CATEGORY IV) DROPPED FROM 11 PERCENT IN 1987 TO FEWER THAN 6 PERCENT IN 1995.

AT THE SAME TIME, THE ACTIVE FORCE HAS BECOME RICHER IN EXPERIENCE, AS MEASURED BY AGE AND LENGTH OF SERVICE. FOR EXAMPLE, THE AVERAGE AGE INCREASED 1.4 YEARS FROM 27.3 YEARS IN 1987 TO 28.7 YEARS IN 1995, AND ONLY 18 PERCENT OF OUR ENLISTED SERVICE MEMBERS ARE UNDER AGE 22 COMPARED TO 23 PERCENT IN 1987.

FINALLY, WHILE WE HAD SOME CONCERNS THAT THE DRAWDOWN MIGHT HAVE A DISPROPORTIONATE IMPACT ON WOMEN OR MINORITIES, THIS HAS NOT BEEN THE CASE. IN FACT, THE PERCENTAGE OF WOMEN IN ACTIVE SERVICE HAS INCREASED FROM 10 PERCENT TO ALMOST 13 PERCENT. TOTAL MINORITY REPRESENTATION IN THE FORCE HAS INCREASED FROM 27 PERCENT TO 30 PERCENT. MINORITY OFFICERS SHOWED A LIKE INCREASE -- FROM 11 PERCENT OF THE TOTAL TO 14 PERCENT OVER THE PERIOD.

FORCE MANAGEMENT

SHARP REDUCTIONS IN END STRENGTH, COUPLED WITH ADJUSTMENTS IN FORCE STRUCTURE HAVE CAUSED THE SERVICES TO REVIEW THEIR OFFICER REQUIREMENTS IN TWO AREAS: ONE, THE NUMBER OF FIELD GRADE OFFICERS AND, TWO, OFFICER BILLETS THAT SHOULD BE ON THE JOINT DUTY ASSIGNMENT LIST (JDAL).

OFFICER REQUIREMENTS

OFFICER AND ENLISTED PROMOTIONS REMAINED STABLE THROUGHOUT FISCAL YEAR 1995 WITH PROMOTION OPPORTUNITIES AND PIN-ON POINTS RELATIVELY CONSISTENT WITH THOSE OF PREVIOUS YEARS. HOWEVER, IT HAS BECOME APPARENT THAT ADJUSTMENTS MUST BE MADE TO THE OFFICER FIELD GRADE STRENGTHS AUTHORIZED IN LAW. THERE HAS BEEN A GROWTH IN MID-GRADE REQUIREMENTS THAT COME ABOUT AS A CONSEQUENCE OF FULLY IMPLEMENTING BOTH THE GOLDWATER-NICHOLS DEPARTMENT OF DEFENSE REORGANIZATION ACT AND THE DEFENSE ACQUISITION WORKFORCE IMPROVEMENT ACT. AT THE SAME TIME, THERE IS A FALLING NUMBER OF FIELD GRADE OFFICERS AS A RESULT OF THE DRAWDOWN (WHEREIN LOWER OVERALL STRENGTH FORCES CAUSES A DECLINE IN THE NUMBER OF FIELD-GRADE OFFICERS.) AS A RESULT, A CHRONIC IMBALANCE HAS EMERGED.

THE SERVICES ARE UNABLE TO MEET ALL OF THOSE REQUIREMENTS WITHOUT JEOPARDIZING CRITICAL, IN-SERVICE NEEDS; AND THAT IMBALANCE COULD PERSIST UNLESS THE STATUTORY GRADE TABLES ARE REVISED. WITHOUT SUCH RELIEF, THE SERVICES WILL NOT HAVE ENOUGH MID- AND SENIOR-GRADE OFFICERS TO PERFORM THEIR MISSIONS WHILE SIMULTANEOUSLY PROVIDING HIGH-QUALITY PROFESSIONALS FOR EXTERNAL REQUIREMENTS, SUCH AS JOINT DUTY ASSIGNMENTS, THAT ALSO ARE CRITICAL TO LONG TERM READINESS. OUR PROPOSAL TO ENACT PERMANENT GRADE RELIEF WILL ENSURE THAT READINESS IS MAINTAINED TODAY AND IN THE FUTURE, AND WILL GIVE THE SERVICES THE FLEXIBILITY NECESSARY TO PROPERLY ADMINISTER THEIR OFFICER CAREER MANAGEMENT PROGRAMS.

JOINT OFFICER MANAGEMENT

THE DEPARTMENT HAS MADE CONSIDERABLE PROGRESS OVER THE PAST TEN YEARS IN IMPLEMENTING THE JOINT OFFICER MANAGEMENT PROVISIONS OF THE DEPARTMENT OF DEFENSE REORGANIZATION ACT OF 1986 (GOLDWATER-NICHOLS.) OUR MOST RECENT FOCUS HAS CENTERED ON DEVELOPMENT OF A BETTER PROCESS FOR MANAGING THE JOINT DUTY ASSIGNMENT LIST (JDAL), ENSURING THAT PROPER CREDIT IS GIVEN TO OFFICERS WHO HAVE COMPLETED A JOINT DUTY ASSIGNMENT. THE DEPARTMENT IS CLOSE TO ADOPTING A PROCESS THAT WILL DO JUST THAT. THAT PROCESS CALLS FOR A REQUIREMENTS-BASED ASSESSMENT OF ALL POTENTIAL POSITIONS TO DETERMINE WHICH COMPLY WITH LAW AND POLICY FOR INCLUSION ON THE JDAL. WE ESTIMATE THAT THE REVIEW CAN BE COMPLETED WITHIN A YEAR, AND THAT IT WILL RESULT IN A SOMEWHAT SMALLER, MORE OPERATIONALLY-ORIENTED LIST THAT BETTER COMPLIES WITH THE INTENT OF GOLDWATER-NICHOLS.

WE ALSO ARE CONTINUING WORK WITH THE JOINT STAFF AND THE MILITARY DEPARTMENTS TO REDUCE THE DEPENDENCE ON WAIVERS OF JOINT DUTY ASSIGNMENT QUALIFICATIONS FOR PROMOTION TO GENERAL OFFICER, AND TO MAKE SURE THAT MORE TOP OFFICERS ARE ASSIGNED TO JOINT DUTY.

ADDITIONALLY, CONSIDERABLE EFFORT IS BEING APPLIED TO THE IDENTIFICATION OF THOSE POSITIONS REQUIRING A JOINT SPECIALTY OFFICER (JSO) AND DESIGNATION AS CRITICAL JDAS. THIS WILL ALLOW US TO MORE ACCURATELY DETERMINE WHICH OFFICERS SHOULD BE DESIGNATED AS JOINT SPECIALTY OFFICERS. CONSISTENCY IN THIS AREA IS ALSO PARAMOUNT TO DEVELOPING THE APPROPRIATE INVENTORY OF

JOINT SPECIALTY OFFICERS AND ENSURING THEY ARE PROPERLY TRAINED AND UTILIZED.

WE APPRECIATE THE SUPPORT CONGRESS HAS GIVEN US IN THE PAST AND THE ADDITIONAL FLEXIBILITY TO MANAGE JOINT OFFICER PROGRAMS PROVIDED IN THE FISCAL YEAR 1996 DEFENSE AUTHORIZATION WILL HELP US TO IMPROVE OUR MANAGEMENT OF JOINT OFFICERS CONSISTENT WITH THE INTENT OF GOLDWATER-NICHOLS. AS WE ENTER NEW TERRITORY WITH THE IMPLEMENTATION OF THE DEPARTMENT'S FIRST REQUIREMENTS-BASED JDAL, WE WILL ASSESS THE NEED FOR ADDITIONAL LEGISLATIVE CHANGE. WE REMAIN COMMITTED TO ACHIEVING THE GOALS OF GOLDWATER-NICHOLS.

WOMEN IN THE MILITARY

THE DEPARTMENT'S INITIATIVE TO REMOVE UNNECESSARY IMPEDIMENTS TO THE ASSIGNMENT OF WOMEN BEGAN IN OCTOBER 1993. SINCE THEN WE HAVE OPENED ALMOST 260,000 POSITIONS IN COMBAT AVIATION, ABOARD COMBATANT NAVAL VESSELS AND, FINALLY, WITHIN GROUND UNITS THAT CAN BE FILLED BY THE BEST QUALIFIED PERSON, MAN OR WOMAN. HOWEVER, WITH CONSIDERATION OF THE ADVICE FROM THE CONGRESS AND SENIOR MILITARY LEADERS, WE CONTINUE TO EXCLUDE WOMEN FROM ASSIGNMENT TO UNITS BELOW THE BRIGADE LEVEL WITH DIRECT GROUND COMBAT MISSIONS, SUCH AS INFANTRY, ARTILLERY AND ARMOR BATTALIONS.

TODAY, ALMOST 80 PERCENT OF ALL JOBS AND OVER 90 PERCENT OF ALL CAREER FIELDS WITHIN THE MILITARY ARE OPEN TO BOTH MEN AND WOMEN. THE DEPARTMENT RECOGNIZES THAT THIS IS A LONG-TERM EFFORT, AND THAT THERE STILL ARE SOME CHALLENGES TO OVERCOME;

HOWEVER, THE POLICY IS RESULTING IN CHANGES WHICH WILL ENHANCE THE ALREADY-HIGH STATE OF PERSONNEL READINESS OF OUR SMALLER ARMED FORCE.

RETENTION

AS THE DRAWDOWN IS NEARING ITS END, OUR ATTENTION HAS SHIFTED FROM THE SELECTIVE ENCOURAGEMENT OF DEPARTURE TO A BROADLY BASED FOCUS ON RETENTION. THE MILITARY SERVICES HAVE DONE AN EXTRAORDINARY JOB IN MAINTAINING READINESS OVER THE COURSE OF THE DRAWDOWN, AND WILL CONTINUE TO USE THE TOOLS THE CONGRESS HAS PROVIDED TO RETAIN THE SKILLS NEEDED FOR CURRENT AND FUTURE READINESS. WE WILL WORK WITH THE CONGRESS TO ENSURE THAT RETENTION PROGRAMS, SUCH AS REENLISTMENT BONUSES, ARE FUNDED AT APPROPRIATE LEVELS.

SUSTAINING COMMITMENTS

AS WE ASK AND EXPECT MORE OF OUR TROOPS, WE MUST ENSURE THEIR PAY IS FAIR AND REMAINS COMPETITIVE. OUR FY 1997 BUDGET CALLS FOR A MILITARY PAY RAISE OF 3.0% FOR FY 1997 AND WE CONTINUED TO PROGRAM FOR THE FULL RAISES PROVIDED UNDER LAW THROUGH THE END OF THE CENTURY.

AS YOU KNOW, COST OF LIVING ALLOWANCES (COLAS) ARE A CRITICALLY IMPORTANT COMPONENT OF MILITARY RETIRED PAY. THE MODEST, LIFETIME, INFLATION-PROTECTED INCOME PROVIDED THROUGH COLAS FULFILL A PROMISE MADE TO SERVICE MEMBERS AND SERVE AN IMPORTANT RECRUITING AND RETENTION TOOL. THE ACTION OF THE CONGRESS IN THE FISCAL YEAR 1996 AUTHORIZATION ACT TO SUPPORT

THE EFFECTIVE DATE FOR THE 1996 COLA CONSISTENT WITH THE PRESIDENT'S BUDGET IS GREATLY APPRECIATED. RESOLVING THE DISPARITY IN COLA PAYMENTS BETWEEN CIVILIAN AND MILITARY RETIREES IS A HIGH PRIORITY.

IMPROVING COMPENSATION

THE SECRETARY HAS ALSO BEEN WORKING TO REDUCE SERVICE MEMBERS' OUT-OF-POCKET HOUSING COSTS. IN FISCAL YEAR 1996, HE ALLOCATED ADDITIONAL FUNDS FOR THE BASIC ALLOWANCE FOR QUARTERS (BAQ) RATE INCREASE THAT ACCOMPANIES ANNUAL PAY RAISES. WE GREATLY APPRECIATE THE CONGRESS' INTEREST IN THIS AREA AND THE ADDED ADDITIONAL FUNDS YOU PROVIDED. THE 3.0% ACROSS THE BOARD PAY RAISE FOR 1997 WILL FURTHER REDUCE THE OUT-OF-POCKET HOUSING COSTS FOR OUR TROOPS.

BAQ HELPS OUR MEMBERS DEFRAY THE COST OF OFF-BASE HOUSING. THE INTENT HAS ALWAYS BEEN FOR MEMBERS LIVING ON THE LOCAL ECONOMY TO ABSORB 15 PERCENT OF THEIR HOUSING COSTS, WITH THE REMAINDER OFFSET BY PAYMENT OF BAQ AND VARIABLE HOUSING ALLOWANCE (VHA). THESE STEPS HAVE MOVED US CLOSER TO THAT TARGET AND ARE DIRECTLY BENEFITING MORE THAN 700,000 SERVICE MEMBERS AND THEIR FAMILIES.

WITHIN THE CONTINENTAL UNITED STATES (CONUS), THE DEPARTMENT IMPLEMENTED A COST-OF-LIVING ALLOWANCE (CONUS COLA) DURING THE LAST QUARTER OF FISCAL YEAR 1995. SECRETARY PERRY STIPULATED THAT INDIVIDUALS WOULD RECEIVE THIS NEW ALLOWANCE IF THEY RESIDE IN AREAS WHERE THE LOCAL, NON-HOUSING

COST-OF-LIVING EXCEEDS THE NATIONAL AVERAGE BY MORE THAN 9 PERCENT.

THE AMOUNT OF THE ALLOWANCE IS DETERMINED BY THREE THINGS: (1) THE AREA'S COST OF LIVING IN RELATION TO THE NATIONAL AVERAGE; (2) THE MILITARY MEMBER'S SPENDABLE INCOME; AND (3) WHETHER THE MEMBER HAS DEPENDENTS. APPROXIMATELY 27,000 MEMBERS ARE NOW BENEFITING FROM THIS PROGRAM.

GENERATING EFFICIENCIES (TRAVEL REFORMS)

IN THE SUMMER OF 1994, WE ESTABLISHED A TASK FORCE TO REENGINEER OUR TRAVEL SYSTEM. THE TASK FORCE FOUND THE DEPARTMENT'S TRAVEL SYSTEM WAS FRAGMENTED, EXPENSIVE TO ADMINISTER, AND COMPLIANCE (NOT MISSION) ORIENTED. THE SYSTEM WAS NEITHER CUSTOMER-ORIENTED NOR CONVENIENT TO USE. IN ITS JANUARY 1995 REPORT, THE TASK FORCE RECOMMENDED THAT DOD MANAGE TRAVEL AS *MISSION SUPPORT*, AND THAT TRAVELERS BE TREATED AS *HONEST CUSTOMERS* AND COMMANDERS AS *RESPONSIBLE MANAGERS* OF THE SYSTEM. THE VISION IS OF A SEAMLESS, PAPERLESS SYSTEM THAT MEETS THE NEEDS OF TRAVELERS, SUPERVISORS, AND PROCESS OWNERS; REDUCES COSTS, SUPPORTS MISSION REQUIREMENTS, AND PROVIDES SUPERIOR CUSTOMER SERVICE.

OUR REFORMED SYSTEM PROVIDES ONE-STOP SHOPPING FOR ALL TRAVEL ARRANGEMENTS THROUGH USE OF A COMMERCIAL TRAVEL OFFICE (CTO). WE HAVE CUT RED TAPE BY REQUIRING THE USE OF BEST BUSINESS PRACTICES. WE SIMPLIFIED OUR TRAVEL RULES BY CHANGING THE FOCUS TO THE CUSTOMER AND MISSION, HAVING AN UP-FRONT "SHOULD-COST ESTIMATE" OF TRAVEL, GIVING THE SUPERVISOR TRAVEL

APPROVAL (ONE SIGNATURE), AND BY STREAMLINING THE RULES. OUR NEW SYSTEM WILL EMPOWER SUPERVISORS TO OBLIGATE TRAVEL FUNDS AS WELL AS DIRECT THE TRAVEL. FINALLY, IT WILL MAXIMIZE THE USE OF THE GOVERNMENT TRAVEL CARDS TO ELIMINATE THE NEED FOR CASH ADVANCES.

OUR NEW TRAVEL REGULATIONS WERE ISSUED LAST FALL FOR USE IN A ONE-YEAR TEST AT 29 PILOT LOCATIONS. DEPARTMENT-WIDE IMPLEMENTATION IS PROJECTED FOR JANUARY 1997.

LOOKING TO THE FUTURE

WE ENVISION A NUMBER OF LONG-TERM COMPENSATION IMPROVEMENTS AND NOW ARE ANALYZING ISSUES AND DEVELOPING APPROPRIATE LEGISLATIVE PROPOSALS. FOR EXAMPLE, WE HOPE TO MOVE TOWARD A '*PAY FOR PERFORMANCE*'-ORIENTED MILITARY PAY SYSTEM. WHILE WE RECOGNIZE THAT INCREASED PAY FOR EXPERIENCE IS IMPORTANT, WE BELIEVE THAT PROMOTION AND ITS ASSOCIATED RESPONSIBILITIES SHOULD BE THE PRINCIPAL DETERMINANT OF PAY. APPROPRIATE REFORMS TO THE PAY TABLE CAN HELP US TO ACHIEVE THAT GOAL. WE ARE ALSO WORKING TO REFINE OUR HOUSING ALLOWANCES SO THAT THEY WILL BE ABLE TO PROVIDE THE RIGHT AMOUNT TO EVERY PAY GRADE, IN EACH LOCATION WHERE OUR MEMBERS ARE STATIONED. THIS WILL HELP ENSURE THAT THE ALLOWANCES ARE CREDIBLE AND SUFFICIENT TO PROVIDE EACH AND EVERY SERVICE MEMBER WITH THE ABILITY TO OBTAIN HOUSING THAT MEETS A MINIMUM ADEQUACY STANDARD.

KEY TO OUR LONG RANGE VISION IS THE ON-GOING WORK OF THE 8TH QUADRENNIAL REVIEW OF MILITARY COMPENSATION (QRMC).

8TH QPMC

THE 8TH QPMC, WHICH FORMALLY BEGAN ITS WORK IN JANUARY 1995, GIVES US AN ADDITIONAL OPPORTUNITY TO REVIEW EVERY ASPECT OF OUR COMPENSATION PROGRAM. THIS QPMC HAS LOOKED TO THE FUTURE, AND IS IDENTIFYING DESIRABLE COMPONENTS OF A MILITARY COMPENSATION SYSTEM CAPABLE OF ATTRACTING, RETAINING, AND MOTIVATING A DIVERSE MILITARY FORCE IN THE 21ST CENTURY.

ALL OF THESE ADJUSTMENTS TO OUR COMPENSATION PROGRAM ARE INTENDED TO FURTHER STIMULATE READINESS AND TO GENERATE REQUISITE RETENTION LEVELS WHILE, AT THE SAME TIME, THEY MUST ENSURE THAT OUR PAY PROGRAMS ARE RESPONSIVE TO PRESENT AND FUTURE NEEDS OF THE MILITARY, AND THOSE IN ITS SERVICE.

LEGISLATIVE PROGRAM

THE DEPARTMENT RECENTLY HAS TAKEN STEPS TO IMPROVE THE SCOPE AND EFFECTIVENESS OF ITS ANNUAL LEGISLATIVE PROGRAM. IN 1994, OPERATING IN CLOSE COORDINATION WITH THE MILITARY DEPARTMENTS, THE OFFICE OF MANAGEMENT AND BUDGET, AND THE COAST GUARD, THE DEPARTMENT FIELDDED A PROCESS THAT TWICE A YEAR BRINGS TOGETHER THE PERSONNEL, PROGRAMMING, BUDGETING, AND LEGISLATIVE COMMUNITIES TO JOINTLY ESTABLISH THE LEGISLATIVE PROGRAM AND CONNECT IT WITH THE DEFENSE BUDGET. PRIOR TO ADOPTION, LINKAGE BETWEEN LEGISLATION AND BUDGETS WAS NOT ALWAYS STRONG, AND THIS GENERATED A FREQUENT INABILITY TO ADVANCE PROMISING INITIATIVES.

AS A DIRECT OUTCOME OF THAT GREATER TEAMWORK WITHIN DOD AND WITH OMB, THE DEPARTMENT WAS ABLE TO PROPOSE FOR FY 1996 -- AND THE CONGRESS SUBSEQUENTLY AUTHORIZED -- A RANGE OF IMPROVEMENTS THAT INCLUDE IMPROVED PAYS FOR SAILORS ASSIGNED TO SEA TOURS, NEEDED CHANGES TO THE MANAGEMENT OF AVIATION CAREER INCENTIVE PAY, AN EXPANDED INCENTIVE PAY FOR AIR WEAPONS CONTROLLERS, FAMILY SEPARATION ALLOWANCES FOR GEOGRAPHICAL BACHELORS, DISLOCATION ALLOWANCES FOR MOVES ASSOCIATED WITH BASE CLOSURES, IMPROVEMENTS IN EVACUATION ALLOWANCES, AND A BETTER PROGRAM FOR SERVICEMEN'S GROUP LIFE INSURANCE.

OUR LEGISLATIVE PROGRAM FOR MILITARY PERSONNEL IN FY 1997 BUILDS UPON THAT FOUNDATION. WE SEEK THE COMMITTEE'S SUPPORT IN ACHIEVING IMPROVEMENTS IN QUARTERS ALLOWANCES FOR PETTY OFFICERS (PAY GRADE E-5) WHO ARE ASSIGNED TO SEA TOURS, PERMITTING THESE NCOS TO LIVE OFF-SHIP AT THEIR HOME PORT. THE DEPARTMENT ALSO IS REQUESTING PERMANENT ADJUSTMENTS TO OFFICER GRADE TABLES, AS THE CONGRESS HAS ENCOURAGED. IN OUR ACCESSION PROGRAMS, WE ASK YOUR SUPPORT IN SLIGHTLY RELAXING AGE CRITERIA, BY ONE-TO-TWO YEARS, FOR OFFICER PROGRAMS, WHICH THIS WOULD PERMIT THOSE PARTICIPATING IN CERTAIN FAITH-REQUIRED SABBATICALS TO DO SO WITHOUT JEOPARDIZING ELIGIBILITY FOR ROTC SCHOLARSHIPS. WE ALSO ARE SEEKING FLEXIBILITY FOR THE MILITARY SERVICES TO GRANT SHORT EXTENSIONS FOR THOSE RECRUITS IN THE DELAYED ENTRY PROGRAM, SO THAT WE NEED NOT RENEGOTIATE CONTRACTS WHEN PEOPLE MUST DELAY ENTRY ON ACTIVE DUTY FOR GOOD REASON.

FUNDING FOR ALL OF THESE CHANGES IS PROVIDED IN THE PRESIDENT'S BUDGET, AND WE WILL WORK CLOSELY WITH THE CONGRESS TOWARD ENACTMENT.

SUPPORTING THE SERVICE MEMBERS IN BOSNIA

THE PLANNING AND INITIATION OF OPERATION JOINT ENDEAVOR -- THE DEPLOYMENT OF 20,000 U.S. TROOPS TO THE REPUBLIC OF BOSNIA-HERZEGOVINA -- HAS GENERATED THREE CENTRAL CONCERNS FOR THE PERSONNEL COMMUNITY: ENSURING THAT OPERATIONAL READINESS OF THE TROOPS IS MAINTAINED; GUARANTEEING THAT DEPLOYED FORCES RECEIVE ALL THE BENEFITS TO WHICH THEY ARE ENTITLED; AND HELPING MILITARY FAMILIES LEFT BEHIND.

ALL DEPLOYING PERSONNEL IN UNITS DEPARTING THE UNITED STATES RECEIVED UP TO SEVEN DAYS OF INTENSIVE PREPARATION AT ONE OF THREE BASES. UPON ARRIVAL IN GERMANY, THOSE TROOPS RECEIVED UP-TO-DATE SITUATION BRIEFINGS PRIOR TO MOVEMENT TO THEIR FINAL LOCATIONS. UNITS STATIONED IN GERMANY UNDERWENT SIMILAR PREPARATION OVER SEVERAL MONTHS. DEPLOYED TROOPS ALSO PARTICIPATED IN EXTENSIVE TRAINING IN THE AREAS OF PERSONAL HEALTH CARE AND MEDICAL RISKS ASSOCIATED WITH SERVICE IN BOSNIA.

WITH REGARD TO BENEFITS, DEPLOYING PERSONNEL CONTINUE TO RECEIVE NORMAL PAY AND ALLOWANCES. IN ADDITION, DEPLOYED TROOPS ARE RECEIVING IMMINENT DANGER PAY, FAMILY SEPARATION ALLOWANCES, AND OTHER SPECIAL PAYS. THUS, UP TO AN ADDITIONAL

\$352 PER MONTH WILL GO TO DEPLOYED TROOPS. THE AMOUNT WILL VARY FOR FEDERAL CIVILIAN EMPLOYEES SUPPORTING THE OPERATION.

ON FEBRUARY 26, 1996, THE ADMINISTRATION INTRODUCED A TAX RELIEF BILL FOR ABOUT 25,000 AMERICAN MILITARY PERSONNEL SERVING IN CROATIA, MACEDONIA, BOSNIA AND HERZEGOVINA. THIS BILL WAS ANNOUNCED BY SECRETARY PERRY AND TREASURY SECRETARY ROBERT RUBIN. THE SERVICE MEMBERS IN THESE THREE COUNTRIES WOULD RECEIVE ALL OF THE COMBAT ZONE TAX BENEFITS OF THE INTERNAL REVENUE CODE, SUCH AS AN EXCLUSION OF MILITARY PAY FOR FEDERAL INCOME TAX PURPOSES, OVER THE PERIOD OF TIME DESIGNATED BY THE EXECUTIVE ORDER. OTHER TAX BENEFITS ALSO WOULD BE AVAILABLE FOR THESE INDIVIDUALS, AND FOR DEPLOYED SERVICE MEMBERS SUPPORTING THE MISSION OUTSIDE OF IMMINENT DANGER PAY AREAS. THESE BENEFITS INCLUDE ADDITIONAL TIME TO FILE RETURNS UPON RETURN FROM THE OPERATION, AND WAIVERS OF INTEREST AND PENALTIES ON AMOUNTS OWED. ON FEBRUARY 28 THE SUBSTANTIVE PROVISIONS OF THIS PROPOSAL WERE SUBSTITUTED INTO H.R. 2778, ALONG WITH LANGUAGE FROM A PREVIOUS DOD PROPOSAL. IT THEN RECEIVED UNANIMOUS APPROVAL IN THE HOUSE AND SENATE.

WE ARE PROVIDING DYNAMIC SUPPORT SYSTEMS FOR MILITARY FAMILIES OF THOSE MOBILIZED AND DEPLOYED IN SUPPORT OF THIS MISSION. ALL MILITARY COMMUNITY AND FAMILY SUPPORT SYSTEMS PLAY A ROLE, INCLUDING THOSE OF THE UNITED STATES NATIONAL GUARD AND RESERVE. ADDITIONALLY, CIVILIAN COMMUNITIES ACTIVELY PROVIDE SUPPORT AROUND INSTALLATIONS AND GUARD AND RESERVE UNITS FROM WHICH SERVICE MEMBERS DEPLOY. LESSONS LEARNED FROM PREVIOUS DEPLOYMENTS SHOW THAT SERVICE MEMBERS' AND FAMILIES' NUMBER ONE ISSUE IS NEED FOR

INFORMATION. ACCURATE INFORMATION FLOW AND FAMILY SUPPORT SYSTEMS HELP OUR FAMILIES COPE WITH DAILY CHALLENGES WHILE SERVICE MEMBERS ARE DEPLOYED.

JUST A FEW EXAMPLES OF SUPPORT INITIATIVES ARE:

FAMILY READINESS TRAINING IS PROVIDED THROUGHOUT THE ENTIRE DEPLOYMENT CYCLE TO ENSURE APPROPRIATE INFORMATION AND SUPPORT FOR EACH PHASE INCLUDING PRE-DEPLOYMENT ONGOING, AND POST-DEPLOYMENT.

FIVE HOTLINES HAVE BEEN ESTABLISHED IN GERMANY TO PROVIDE A POINT OF CONTACT FOR MILITARY FAMILIES IN BAUMHOLDER, BAD KREUZNACH, HEIDELBERG, MANNHEIM, AND KAISERSLAUTERN.

A BOSNIA HOME PAGE IS ACCESSIBLE THROUGH THE INTERNET AND CONTAINS UP-TO-DATE INFORMATION ABOUT THE ROLE OF THE U.S. MILITARY IN BOSNIA AND HERZEGOVINA. IT ALSO HAS ARTICLES ON ITEMS TO SEND TO DEPLOYED SERVICE MEMBERS, AND INFORMATION ON HOW TO SEND MESSAGES TO THOSE DEPLOYED.

MILITARY FAMILY CENTER COMPUTER INTERCONNECTIVITY IS BEING ESTABLISHED TO LINK FAMILY CENTERS WORLDWIDE AND TO CONNECT NATIONAL GUARD AND RESERVE FAMILY SUPPORT PROGRAMS TO INFORMATION AVAILABLE ON NEARBY INSTALLATIONS.

OUR DEPENDENT SCHOOLS OVERSEAS ARE SUPPORTING CHILDREN AND YOUTH OF SERVICE MEMBERS IN BOSNIA AND HERZEGOVINA BY IMPLEMENTING ASSISTANCE GROUPS WITH CERTIFIED COUNSELORS, SCHOOL PSYCHOLOGISTS AND SOCIAL WORKERS. THESE ASSISTANCE

GROUPS PROVIDE SUPPORTIVE COUNSELING TO CHILDREN TO HELP THEM COPE WHILE THEIR MILITARY PARENTS ARE AWAY FROM HOME.

THE DEPARTMENT'S MORALE, WELFARE AND RECREATION PROGRAMS PROVIDE NUMEROUS PROGRAMS FOR FAMILIES OF THOSE DEPLOYED AND ARE ALSO PROVIDING ON-SITE PROGRAMS AND SERVICES TO DEPLOYED SERVICE MEMBERS. THE FOLLOWING ARE BEING PROVIDED FOR THE DEPLOYMENT IN BOSNIA: TACTICAL FIELD EXCHANGES, RECREATION DEPLOYMENT KITS, FOUR SEPARATE MWR CENTERS, BASIC SPORTS AND GAME KITS, AEROBIC FITNESS MACHINES, FREE/RESISTANCE WEIGHT SETS, EXERCISE BICYCLES, TELEVISIONS AND VCERS, AND LIBRARY KITS.

QUALITY OF LIFE

SECRETARY PERRY HAS MADE QUALITY OF LIFE ONE OF HIS TOP PRIORITIES. WE KNOW THAT QUALITY OF LIFE IS LINKED TO THE READINESS OF OUR ARMED FORCES IN THREE DISTINCT WAYS. FIRST, QUALITY OF LIFE HELPS THE DEPARTMENT RECRUIT GOOD PEOPLE BY OFFERING ATTRACTIVE INCENTIVES FOR EDUCATION, HEALTH CARE, CAREER ADVANCEMENT, RETIREMENT, AND OTHER BENEFITS. SECOND, QUALITY OF LIFE PROGRAMS PROVIDE ASSURANCES TO SERVICE MEMBERS THAT THEY WILL HAVE A SAFETY NETWORK OF ASSISTANCE PROGRAMS IN TIMES OF NEED, A SUPPORT SYSTEM IN PLACE TO ASSIST THEIR FAMILIES WHEN THEY DEPLOY. FINALLY, WHEN WE PROVIDE GOOD QUALITY OF LIFE FOR SERVICE MEMBERS AND MILITARY FAMILIES, IT HELPS US TO RETAIN THE PEOPLE IN WHOM WE HAVE INVESTED SO MUCH.

QUALITY OF LIFE INITIATIVE

SECRETARY PERRY ANNOUNCED HIS PLANS TO IMPROVE MILITARY QUALITY OF LIFE IN NOVEMBER 1994 ADDING \$2.7 BILLION OVER SIX YEARS TO FUND INCREASES IN ALLOWANCES, BETTER BARRACKS AND FAMILY HOUSING AND AN UPGRADED COMMUNITY ENVIRONMENT. SECRETARY PERRY RECOGNIZED THAT THE NATURE OF OUR MISSION WAS RAPIDLY CHANGING; WE WERE REDUCING THE SIZE OF OUR FORCE; INSTALLATIONS WERE CLOSING OR BEING REALIGNED; AND WE WERE DEPLOYING DIFFERENTLY THAN IN THE PAST. THE DEPARTMENT'S SENIOR MILITARY LEADERSHIP HAD RAISED CONCERNS ABOUT PERSONNEL TEMPO, COMPENSATION, HEALTH CARE, HOUSING AND COMMUNITY SUPPORT ACTIVITIES. SERVICE SENIOR ENLISTED ADVISORS, INSTALLATION AND UNIT LEADERS, AND SERVICE MEMBERS AND FAMILIES THROUGHOUT THE DEPARTMENT MIRRORED THESE CONCERNS. IT WAS EVIDENT THAT WE COULD NOT CONTINUE BUSINESS AS USUAL WITHOUT DOING SOMETHING TO ADDRESS THESE CONCERNS.

SECRETARY PERRY ALSO TOOK STEPS TO SEE THAT THE FUNDS AVAILABLE ARE USED TO THE BEST POSSIBLE BENEFIT OF THE SERVICE MEMBERS AND THE FORCES AS A WHOLE.

THE SECRETARY ESTABLISHED A QUALITY OF LIFE TASK FORCE OF OUTSIDE EXPERTS TO PROVIDE RECOMMENDATIONS FOR IMPROVING HOUSING AND THE DELIVERY OF COMMUNITY AND FAMILY SERVICES AND TO PROVIDE OPTIONS FOR REDUCING THE TIME SERVICE MEMBERS SPEND AWAY FROM HOME FOR TRAINING AND MISSION REQUIREMENTS. AT THE SAME TIME, HE CHARTERED AN INTERNAL QUALITY OF LIFE EXECUTIVE COMMITTEE TO SUPPORT AND IMPLEMENT TASK FORCE RECOMMENDATIONS. THIS COMMITTEE HAS SURFACED A NUMBER OF

LOW-COST, HIGH PAY-OFF INITIATIVES TO IMPROVE QUALITY OF LIFE WITHIN THE MILITARY COMMUNITY. WE HAVE IMPLEMENTED EIGHTEEN OF THESE IMPROVEMENTS OVER THE PAST YEAR WHICH RANGE FROM DEVELOPING PROGRAM GOALS AND MEASURES TO INSTALLING PHONES AND COMPUTER ACCESS IN BARRACKS ROOMS.

WE ARE NOW EMBARKING ON INITIATIVES EMERGING FROM THIS PROCESS. WE HAVE BEEN WORKING WITH EACH OF THE SERVICES TO ESTABLISH PRIORITIES BASED ON OUR REVIEW. QUALITY OF LIFE PRIORITIES REMAIN FAIRLY CONSISTENT AMONG SERVICES: COMPENSATION AND BENEFITS, SAFE AND AFFORDABLE HOUSING; QUALITY HEALTH CARE; BALANCED OPTEMPO/PERSTEMPO; COMMUNITY AND FAMILY SUPPORT; RETIREMENT BENEFITS; AND EDUCATIONAL OPPORTUNITIES. THESE ARE NOT LISTED IN ORDER OF PRIORITY AS THEY ALL WORK IN TANDEM TO ENSURE QUALITY OF LIFE WITHIN MILITARY COMMUNITIES.

COMPENSATION AND BENEFITS

THE DEPARTMENT HAS LONG RECOGNIZED THE IMPORTANCE OF AN APPROPRIATE LEVEL OF COMPENSATION IN SUSTAINING A ROBUST QUALITY OF LIFE PROGRAM. THE MILITARY COMPENSATION PACKAGE IS MADE UP OF BOTH PAY AND NONPAY BENEFITS -- THE COMPONENTS OF A STANDARD LIVING.

THE QUALITY OF LIFE INITIATIVE ADDRESSED THREE ELEMENTS OF COMPENSATION. FIRST, THE ADMINISTRATION FUNDED THE MAXIMUM PAY RAISE FOR MILITARY PERSONNEL AUTHORIZED BY LAW THROUGH FY 1999. THIS COMMITMENT OF \$7.7 BILLION REFLECTS THE RECOGNITION

THAT ADEQUACY OF MILITARY PAY IS ESSENTIAL TO ATTRACT AND RETAIN HIGH QUALITY PERSONNEL.

A SECOND INITIATIVE WAS IMPROVED QUARTERS ALLOWANCES. OVER TWO-THIRDS OF MILITARY FAMILIES RESIDE IN CIVILIAN COMMUNITIES. THESE FAMILIES RECEIVE HOUSING ALLOWANCES WHICH WERE INTENDED BY CONGRESS TO COVER 85 PERCENT OF THEIR HOUSING COSTS. THE DEPARTMENT AND CONGRESS HAVE FUNDED AN ADDITIONAL 2.8 PERCENT INCREASE IN HOUSING ALLOWANCES FOR 1996 WHICH WILL COVER MORE THAN 80 PERCENT OF OUT-OF-POCKET COSTS FOR THE FIRST TIME SINCE 1985.

THIRD, THE IMPLEMENTATION OF A CONTINENTAL UNITED STATES COST OF LIVING ALLOWANCE WAS FUNDED IN THE QUALITY OF LIFE INITIATIVE. THE DEPARTMENT BEGAN COMPENSATING THE 30,000 MILITARY FAMILIES ASSIGNED TO AREAS IN THE CONTINENTAL UNITED STATES (CONUS) IN WHICH PAYMENTS FOR GOODS AND SERVICES EXCEED 109 PERCENT OF THE NATIONAL AVERAGE IN JULY 1995.

HOUSING

THE SECRETARY OF DEFENSE HAS PLACED SPECIAL EMPHASIS ON IMPROVING THE OVERALL QUALITY OF HOUSING FOR SERVICE FAMILIES. TO THE EXTENT THAT THE DEPARTMENT ENCOURAGES OR DIRECTLY PROVIDES QUALITY HOUSING FOR BOTH UNACCOMPANIED AND MARRIED SERVICE PERSONNEL, IT WILL MATERIALLY IMPROVE JOB PERFORMANCE AND SATISFACTION, IMPROVE THE RETENTION OF QUALITY INDIVIDUALS, AND THROUGH THESE MEANS, SUSTAIN THE HIGH LEVELS OF FORCE READINESS NEEDED TO MEET THE DEPARTMENT'S NATIONAL SECURITY MISSIONS. BOTH THE DEFENSE SCIENCE BOARD'S QUALITY OF LIFE TASK

FORCE AND THE DEPARTMENT'S OWN QUALITY OF LIFE EXECUTIVE COMMITTEE HAVE FOCUSED ON MEASURES TO REDRESS LONG-STANDING PROBLEMS IN THE LIVING CONDITIONS OF TOO MANY SERVICE MEMBERS, BOTH ON AND OFF POST.

NEAR-TERM GOALS, AND IN MANY CASES ACCOMPLISHMENTS, INCLUDE:

- DEVELOPMENT OF A RANGE OF HOUSING PROCUREMENT TOOLS THAT WILL MAKE THE DEPARTMENT A MORE EFFICIENT CONSUMER OF HOUSING BY ACTING MORE LIKE A PRIVATE SECTOR COMPANY. THESE AUTHORITIES ALL HAVE THE EFFECT OF LEVERAGING LIMITED DOD RESOURCES IN ORDER TO ACCELERATE THE ACQUISITION, REPLACEMENT OR RENOVATION OF BACHELOR OR FAMILY HOUSING, BOTH ON AND OFF POST. THEY INCLUDE THE ABILITY TO ENTER INTO PARTNERSHIPS; GUARANTEE LOANS, OCCUPANCY RATES, AND RENTS; AND TAKE ADVANTAGE OF COMMERCIAL STANDARDS IN BOTH CONSTRUCTION AND HOUSING MANAGEMENT. THESE AUTHORITIES WERE PROVIDED IN THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FY 1996, AND ARE BEING IMPLEMENTED ON A PROTOTYPE BASIS BY THE SERVICES WITH THE ASSISTANCE OF A JOINT HOUSING REVITALIZATION SUPPORT OFFICE.
- REVIEW AND ELIMINATION OF POLICIES AND PROCEDURES THAT HAVE TENDED TO IMPAIR THE EFFECTIVENESS OF THE DEPARTMENT'S HOUSING DELIVERY SYSTEM. TO THE EXTENT THAT THESE OBSTACLES ARE STATUTORILY BASED, THE DEPARTMENT WILL PURSUE LEGISLATIVE RELIEF.
- EXAMINATION OF ADDITIONAL TOOLS THAT COULD HELP REENGINEER THE DEPARTMENT'S HOUSING DELIVERY SYSTEM IN LIGHT OF HIGH COSTS; INABILITY TO PROVIDE AFFORDABLE, QUALITY HOUSING OPTIONS ON OR OFF POST; AND THE PRESSING NEED TO SOLVE THIS

PROBLEM IN THE NEAR TERM WITHIN THE DEPARTMENT'S RESOURCE LIMITATIONS.

FAMILY HOUSING

APPROXIMATELY ONE-THIRD OF MILITARY FAMILIES LIVE IN MILITARY FAMILY HOUSING. MUCH OF THIS HOUSING IS IN DESPERATE NEED OF REPAIR OR REVITALIZATION. BUT TWO-THIRDS OF MILITARY FAMILIES LIVE OFF POST. FOR MANY OF THESE FAMILIES, HOUSING ALLOWANCES ARE NOT IN LINE WITH COMMERCIAL HOUSING COSTS. THIS IMBALANCE CAN FORCE THESE FAMILIES TO LIVE IN INADEQUATE HOUSING. THE DEPARTMENT HAS FOUND THAT HOUSING PROBLEMS, WHETHER ON OR OFF POST, HAVE MATERIAL EFFECT ON REENLISTMENT DECISIONS. OUR MILITARY FAMILY HOUSING BUDGET FOR FY 1996 CONTAINED AN INCREASE OF OVER \$500 MILLION TO ADDRESS THESE PROBLEMS. THIS SUM INCLUDED \$22 MILLION FOR PRIVATE SECTOR HOUSING VENTURES. AN ADDITIONAL \$20 MILLION FOR PRIVATE SECTOR VENTURES HAS BEEN INCLUDED IN OUR FY 1997 BUDGET.

BACHELOR QUARTERS

HOUSING FOR SINGLE MILITARY MEMBERS IS AS IMPORTANT AS FOR MARRIED MEMBERS. ABOUT A HALF A MILLION SINGLE SERVICE MEMBERS LIVE IN MILITARY QUARTERS. THE DEPARTMENT WANTS TO REPLACE RUN DOWN, CRAMPED BUILDINGS WITH QUALITY RESIDENTIAL FACILITIES. TO INITIATE THIS PROCESS, THE DEPARTMENT HAS ADOPTED A NEW CONSTRUCTION POLICY WHICH INCREASES THE BARRACKS/DORMITORY STANDARD LIVING SPACE BY OVER 31 PERCENT, FROM 90 SQUARE FEET TO 11 SQUARE METERS OF NET LIVING AREA PER LIVING/SLEEPING AREA ROOM.

THE BARRACKS REPAIR, MAINTENANCE, AND CONSTRUCTION PROGRAM BUDGETS WERE INCREASED IN FY 1996 THROUGH THE SECRETARY'S QOL INITIATIVE. CONGRESS THEN ENLARGED THAT BUDGET FURTHER, FOR A TOTAL INCREASE OF \$673 MILLION. IN FY 1997, THE DEPARTMENT WILL CONTINUE TO IMPROVE ITS BARRACKS. ITS BUDGET REQUEST FOR BARRACKS REVITALIZATION, CONSTRUCTION, AND MAINTENANCE INCREASES FUNDING BY ABOUT 20 PERCENT ABOVE SERVICE REQUESTS. THIS QOL INITIATIVE WILL IMPROVE APPROXIMATELY 7,000 ADDITIONAL BARRACKS SPACES ABOVE THE 42,000 SPACES PREVIOUSLY PROGRAMMED. ALMOST \$2.5 BILLION HAS BEEN PROGRAMMED FROM FY 1996 THROUGH FY 2001 FOR THIS IMPORTANT PROGRAM.

COMMUNITY AND FAMILY SUPPORT PROGRAMS

THE DEPARTMENT PROVIDES SOCIAL SERVICE, RECREATIONAL AND EDUCATION PROGRAMS WHEREVER MILITARY FAMILIES ARE STATIONED. THESE PROGRAMS MIRROR THOSE FOUND IN CIVILIAN COMMUNITIES, WHILE BEING TAILORED TO UNIQUE CHALLENGES ASSOCIATED WITH THE MORE MOBILE MILITARY LIFESTYLE.

THE DEPARTMENT IS TAKING TWO NEW STEPS IN RELATION TO COMMUNITY AND FAMILY SUPPORT PROGRAMS. FIRST, WE HAVE ADOPTED GOALS AND MEASURES IN 24 COMMUNITY AND FAMILY SUPPORT PROGRAM AREAS THAT WILL PROVIDE A ROAD MAP FOR QUALITY OF LIFE IMPROVEMENTS WITHIN THE DEPARTMENT. WE HAVE ALSO TAKEN ACTION TO IMPROVE THE CAPABILITY OF TRACKING FUNDS AND IMPROVING CONSISTENCY AND ACCOUNTABILITY IN PROGRAMS AND BUDGETS. SECOND, WE ARE EXPLORING EFFICIENCIES THROUGH

PARTNERSHIPS WITH LOCAL COMMUNITIES AND OUTSOURCING PROGRAMS AND SERVICES WHERE IT MAKES SENSE. THESE TWO STEPS WILL MOVE US TOWARD GREATER EQUITY ACROSS INSTALLATIONS AND SERVICES AND ENSURE THAT OUR PROGRAMS ARE DRIVEN BY THE NEEDS OF OUR CUSTOMERS.

ADDITIONALLY, WE HAVE ESTABLISHED SEVEN MAJOR PRIORITIES FOR COMMUNITY AND FAMILY SUPPORT PROGRAMS:

- INSTITUTE THE SECRETARY'S COMMUNITY QOL AGENDA: 1. IMPLEMENT PROGRAM GOALS AND MEASURES; 2. TRACK QOL FUNDS, 3. COLLECT PROGRAM DATA;
- SECURE THE FUTURE OF THE RESALE SYSTEM: 1. RECONFIGURE RESALE BOARDS; 2. IMPLEMENT COOPERATIVE EFFORTS; 3. STUDY RESALE DELIVERY MODELS;
- PROMOTE A DEPARTMENT-WIDE MWR AGENDA: 1. APPROPRIATELY FUND MWR THROUGH THE IMPLEMENTATION OF THE DOD MWR STRATEGIC PLAN; 2. IMPROVE ACCOUNTABILITY, EQUITY AND DOD FUNDING STANDARDS; 3. PURSUE A FITNESS INITIATIVE TO IMPROVE FACILITIES AND PROGRAMS;
- IMPLEMENT DISTANCE LEARNING AND IMPROVING ADULT EDUCATION OPPORTUNITIES: 1. CONNECT SERVICE MEMBERS TO COLLEGE AND UNIVERSITY DISTANCE LEARNING OPPORTUNITIES; 2. ESTABLISH MINIMUM STANDARDS FOR TUITION ASSISTANCE;
- DEVELOP BLUEPRINTS FOR NEW DELIVERY SYSTEMS FOR COMMUNITY AND FAMILY SUPPORT PROGRAMS: 1. EXPLORE PRIVATIZATION AND OUTSOURCING, WHERE APPROPRIATE AND COST EFFECTIVE; 2. STUDY REGIONALIZATION OF COMMUNITY SERVICES;
- PROVIDE A MODEL SCHOOL SYSTEM: 1. CONTINUE TO EMBRACE THE NATIONAL EDUCATION GOALS 2000; 2. INTEGRATE THE PRESIDENT'S

EDUCATIONAL TECHNOLOGY INITIATIVE TO IMPROVE STAFF AND STUDENT PERFORMANCE AT ALL DEPARTMENT DEPENDENT SCHOOLS.

- PURSUE A PERFORMANCE BASED OPERATION FOR THE DEFENSE COMMISSARY SYSTEM IN LINE WITH THE VICE PRESIDENT'S *REINVENTION'S NEXT STEPS: GOVERNING IN A BALANCED BUDGET WORLD* INITIATIVES.

SERVICE MEMBER AND FAMILY SUPPORT PROGRAMS

CHILD DEVELOPMENT: CHILD CARE CONTINUES TO BE A CRITICAL QUALITY OF LIFE PROGRAM THAT SERVES THE NEEDS OF THE INCREASING PORTION OF SERVICE MEMBERS WITH YOUNG CHILDREN. THE DOD CHILD CARE PROGRAM IS BY FAR THE LARGEST, AND ONE OF THE MOST SUCCESSFUL CHILD DEVELOPMENT SYSTEMS IN THE WORLD. OVER 65 PERCENT OF MILITARY SPOUSES ARE IN THE LABOR FORCE AND MANY NEED ACCESS TO RELIABLE CHILD CARE. DURING MARCH OF 1995, THE DEPARTMENT REASSESSED THE NEED FOR CHILD CARE AND DOCUMENTED THAT MILITARY FAMILIES HAD SOME 299,000 CHILDREN, AGES BIRTH THROUGH 12, WHO NEED SOME KIND OF CHILD CARE. THE DEPARTMENT IS CURRENTLY MEETING ABOUT 52 PERCENT OF THIS NEED WITH MILITARY CHILD DEVELOPMENT PROGRAMS. THERE ARE AT PRESENT 155,391 CHILD CARE SPACES AT 346 LOCATIONS. THESE INCLUDE 644 CHILD DEVELOPMENT CENTERS, 9,981 FAMILY CHILD CARE HOMES, AND SCHOOL-AGED CARE LOCATED IN YOUTH FACILITIES, SCHOOLS, AND OTHER COMMUNITY SUPPORT FACILITIES. THE SECRETARY ADDED \$38.1 MILLION IN FISCAL YEARS 95, 96 AND IN THE FISCAL YEAR 97 BUDGET TO MOVE CHILD CARE AVAILABILITY TOWARD THE DEPARTMENT'S SHORT TERM GOAL OF AN AVERAGE OF 65 PERCENT OF THE DEPARTMENT-WIDE DEMAND. WE WILL ACCOMPLISH THIS BY INCREASING CHILD CARE

SPACES BY ABOUT 39,000 ADDITIONAL CHILDREN, WITH THE BULK OF THESE SPACES IN THE SCHOOL-AGED CARE PROGRAMS. OUR ULTIMATE GOAL IS TO PROVIDE 80 PERCENT OF THE DEPARTMENT-WIDE CHILD CARE DEMAND IN THE FUTURE. FISCAL YEAR 1997 FUNDING REQUESTS CONTINUE THESE INITIATIVES.

WE ARE ALSO CONDUCTING TWO EVALUATION TESTS REGARDING OUTSOURCING CHILD CARE, RECOGNIZING THAT THE DEPARTMENT IS NEARING MAXIMUM POTENTIAL TO MEET CHILD CARE NEEDS ON BASE. THE FIRST OF THESE TESTS INVOLVES CONTRACTING WITH CIVILIAN CHILD CARE CENTERS IN FIVE LOCATIONS TO "BUY DOWN" THE COST OF SPACES FOR MILITARY FAMILIES TO MAKE COSTS COMPARABLE TO ON-INSTALLATION CARE. THE SECOND TEST FOCUSES ON OUTSOURCING THE MANAGEMENT OF A DEFENSE-OWNED CHILD CARE FACILITY IN DAYTON, OHIO.

FAMILY ADVOCACY

THE FAMILY ADVOCACY PROGRAM (FAP) IS NOW IN ITS ELEVENTH YEAR. IT HAS BEEN QUITE SUCCESSFUL IN HELPING PREVENT CHILD AND SPOUSE ABUSE. FAP'S PREVENTION EFFORTS CONTRIBUTE TO MAKING THE RATE OF SUBSTANTIATED CHILD ABUSE IN MILITARY FAMILIES LESS THAN HALF OF THE CIVILIAN RATE. FAP HAS ALSO BEEN SUCCESSFUL IN PROTECTING VICTIMS WHEN CHILD OR SPOUSE ABUSE HAS OCCURRED, AND IN TREATING BOTH THE VICTIMS AND THE ABUSERS. DURING FISCAL YEAR 1997, FAP WILL INCREASE ITS EMPHASIS ON PREVENTION THROUGH GREATER OUTREACH TO FAMILIES RESIDING OFF INSTALLATIONS, ESPECIALLY TO JUNIOR ENLISTED PERSONNEL WHO ARE FIRST-TIME PARENTS. ALSO IN FISCAL YEAR 1997, FAP PROGRAMS WILL EMPHASIZE IMPROVED PREVENTION AND INTERVENTION EFFORTS REGARDING

SPOUSE ABUSE. THIS EMPHASIS INCLUDES PARTICIPATION IN THE DEPARTMENT'S CAMPAIGN THAT IMPLEMENTS THE PRESIDENT'S DIRECTIVE TO REDUCE SPOUSE ABUSE IN THE CIVILIAN WORK FORCE. FINALLY, FAP PROGRAMS WILL CONTINUE TO IMPROVE PROGRAM QUALITY AND FULLY IMPLEMENT A NEW PROGRAM AREA, PROVIDING ADVOCACY SERVICES TO VICTIMS OF CHILD AND SPOUSE ABUSE.

MODEL COMMUNITIES (YOUTH INITIATIVE): INSTALLATION COMMANDERS AND PARENTS IDENTIFIED INCREASES IN YOUTH VIOLENCE AND GANG ACTIVITY ON INSTALLATIONS AS MAJOR CONCERNS. THEY SAID THAT A LACK OF PROGRAMS TO ADDRESS YOUTH ISSUES CONTRIBUTED TO THIS INCREASE. AS A RESULT, DOD ESTABLISHED A MODEL COMMUNITIES INCENTIVE AWARD PROGRAM TO ENCOURAGE INSTALLATIONS WORLDWIDE TO TAKE RESPONSIBILITY FOR THE PROBLEMS OF YOUTH AND THEIR FAMILIES, AND TO PROVIDE YOUTH WITH POSITIVE ALTERNATIVES AND A SENSE OF CONNECTION IN THEIR COMMUNITIES. EACH PARTICIPATING INSTALLATION SUBMITTED PROPOSALS THAT DEFINED THEIR LOCAL NEEDS, DESCRIBED A PLAN TO MEET THOSE NEEDS, AND INDICATED HOW THEY WILL MANAGE THEIR SOLUTIONS. THE 20 WINNING INSTALLATIONS WILL SERVE AS TEST PROJECTS FOR NEW IDEAS AND AS MODELS FOR MILITARY BASES AROUND THE WORLD. INSTALLATIONS AROUND THE WORLD, REPRESENTING ALL FOUR SERVICES, SUBMITTED PROPOSALS. DOD SELECTED THE 20 WINNING INSTALLATIONS FROM 134 SUBMISSIONS. THE WINNERS RECEIVED UP TO \$200,000 PER YEAR FOR A THREE-YEAR PERIOD. OVER THE THREE YEARS, DOD'S INVESTMENT IN DEVELOPING THESE INNOVATIVE YOUTH PROGRAMS WILL BE \$6.4 MILLION. YEAR END REPORTS INDICATE THAT THE MODEL COMMUNITIES PROJECTS MAKE POSITIVE IMPACTS IN THE LIVES OF OUR YOUTH AND FAMILIES. LATER THIS YEAR, WE PLAN TO DISTRIBUTE A SYNOPSIS OF ALL THE 134

PROPOSALS RECEIVED DOD-WIDE AND A PROGRESS REPORT ON THOSE CURRENTLY BEING FUNDED.

FAMILY CENTER PROGRAMS

THE DEPARTMENT'S 291 FAMILY CENTERS CONTINUE TO BE THE FOCAL POINT FOR OUR BASIC SOCIAL SERVICES AND SUPPORT NETWORKS FOR THE MILITARY COMMUNITY. FAMILY CENTERS PROVIDE SERVICE MEMBERS AND MILITARY FAMILIES WITH A HOST OF EDUCATION, PREVENTION AND SOCIAL PROGRAMS. THESE CENTERS ALSO PROVIDE INFORMATION THAT HELPS SERVICE AND FAMILY MEMBERS NAVIGATE THE UNIQUE CHALLENGES OF MILITARY LIFE AND QUICKLY ESTABLISH TIES IN EACH COMMUNITY IN WHICH THEY LIVE. CORE FAMILY CENTER PROGRAMS INCLUDE INFORMATION AND REFERRAL; DEPLOYMENT SUPPORT, CRISIS RESPONSE, RELOCATION ASSISTANCE, PERSONAL FINANCIAL MANAGEMENT, FAMILY LIFE EDUCATION, VOLUNTEER PROGRAMS, AND EMPLOYMENT COUNSELING AND ASSISTANCE FOR SERVICE MEMBERS' SPOUSES. CENTERS PROVIDE OTHER SPECIAL EMPHASIS PROGRAMS IF THEY ARE NOT OFFERED ELSEWHERE ON THE INSTALLATIONS. THESE CAN RANGE FROM COUNSELING PROGRAMS, TRANSITION ASSISTANCE, AND PROGRAMS FOR EXCEPTIONAL FAMILY MEMBERS -- THOSE WITH SPECIAL EMOTIONAL, PHYSICAL OR EDUCATIONAL CHALLENGES OR NEEDS.

SPECIAL EMPHASIS WILL BE PLACED IN FISCAL YEAR 1997 ON PERSONAL FINANCIAL HEALTH AND SPOUSE EMPLOYMENT ASSISTANCE. SPOUSE EMPLOYMENT IS FOCUSING ON HELPING JOB SEEKERS FIND CIVILIAN-SECTOR JOBS AS THE FEDERAL SECTOR OPPORTUNITIES NORMALLY SOUGHT BY MILITARY SPOUSES DWINDLE. WE HAVE ALSO INITIATED A

READINESS OUTCOME MEASURES STUDY TO EVALUATE OUR CORE PROGRAMS.

THE DEFENSE APPROPRIATIONS ACT FOR FISCAL YEAR 1996 DIRECTED THE DEPARTMENT TO REPORT ON PHASING OUT OUR RELOCATION AND TRANSITION ASSISTANCE PROGRAMS AND PROVIDE WHAT, IF ANY, RESIDUAL FUNDING IS REQUIRED. THIS REPORT IS BEING PREPARED. WE UNDERSTAND THAT CERTAIN OF THE SPECIAL INCENTIVE PROGRAMS WERE AIMED AT HELPING THE DEPARTMENT BRIDGE THE IMPACT OF REDUCING THE FORCE. WE DO NOT, HOWEVER, VIEW THE BASIC FUNCTIONS OF EITHER OF THESE PROGRAMS AS TEMPORARY.

THE RELOCATION PROGRAM PROVIDES EDUCATION AND ASSISTANCE TO THE MORE THAN ONE-THIRD OF OUR FORCE THAT RELOCATES EACH YEAR. MANY OF THESE MEMBERS AND FAMILIES ARE FACING THEIR FIRST MOVE AND HAVE LIMITED EXPERIENCE IN HOW TO PLAN FOR AND ACCOMPLISH THE MOVE WITHOUT UNDERGOING SIGNIFICANT STRESS AND INCURRING UNNECESSARY FINANCIAL COSTS. AT THE DIRECTION OF CONGRESS, WE ESTABLISHED THIS PROGRAM AND SET UP AN AUTOMATED STANDARD INSTALLATION TOPIC EXCHANGE SERVICE (SITES) WHICH PROVIDES SERVICE MEMBERS WITH INFORMATION ABOUT THEIR NEW COMMUNITY. SUCH INFORMATION IS ESSENTIAL IN MAKING INFORMED DECISIONS DURING THE MOVE PROCESS. THIS AUTOMATED INFORMATION IS AVAILABLE THROUGH FAMILY CENTERS AT EVERY MILITARY INSTALLATION. THE RELOCATION ASSISTANCE PROGRAM HAS BEEN AND CONTINUES TO BE INTEGRAL TO OUR FAMILY CENTER NETWORK, AND PROVIDES BENEFITS FAR BEYOND ITS ANNUAL \$18 MILLION COST. AS LONG AS WE CONTINUE TO MOVE SERVICE MEMBERS AND THEIR FAMILIES TO NEW COMMUNITIES -- OFTEN FAR FROM THEIR

FAMILY NETWORKS -- WE BELIEVE IT ESSENTIAL TO PROVIDE THE SERVICES OFFERED THROUGH OUR RELOCATION ASSISTANCE PROGRAM.

EQUALLY IMPORTANT, TRANSITION ASSISTANCE TO THE ALMOST 300,000 SERVICE MEMBERS WHO LEAVE THE MILITARY EACH YEAR REMAINS A PRIORITY. THESE VETERANS REPRESENT A VERY TALENTED RESOURCE POOL FOR AMERICA, BUT MANY HAVE NEVER SOUGHT A JOB IN THE CIVILIAN COMMUNITY AND HAVE NO IDEA WHERE TO BEGIN. MANY ARE SERVING AT INSTALLATIONS OUTSIDE THE UNITED STATES AND HAVE NO WAY OR OPPORTUNITY TO FIND JOBS IN THE UNITED STATES UNTIL THEY ARE DISCHARGED FROM THE SERVICE. THESE ISSUES, COUPLED WITH TRYING TO TRANSLATE SKILLS PERFORMED IN THE MILITARY TO CIVILIAN JOB SKILLS, MAKE TRANSITION ASSISTANCE A VITAL SERVICE FOR DEPARTING PERSONNEL. WE HAVE FORMED TREMENDOUS PARTNERSHIPS WITH DEPARTMENTS OF LABOR (DOL) AND VETERANS AFFAIRS (VA), FEDERAL AND STATE EMPLOYMENT SERVICE AGENCIES, CORPORATIONS AND BUSINESSES IN COMMUNITIES THROUGHOUT THE UNITED STATES. THESE PARTNERSHIPS ARE HELPING OUR VETERANS FIND JOBS QUICKLY AND SMOOTHLY INTEGRATE BACK INTO THE CIVILIAN COMMUNITY. OUR TWO AUTOMATED SYSTEMS HAVE ALSO PROVED EXTREMELY SUCCESSFUL. THE DEFENSE OUTPLACEMENT REFERRAL SYSTEM (DORS) IS A RESUME DATABASE REFERRAL SYSTEM LINKING PRIVATE SECTOR EMPLOYERS TO DEPARTING SERVICE MEMBERS AND SPOUSES. IN FISCAL YEAR 1995 THERE WERE OVER 69,000 PERSONNEL REGISTERED IN DORS AND 13,431 EMPLOYERS. THE TRANSITION BULLETIN BOARD (TBB) ALLOWS EMPLOYERS TO LIST ACTUAL JOB OPENINGS THAT SERVICE MEMBERS AT MILITARY INSTALLATIONS WORLDWIDE CAN SEE. IN 1995, THERE WERE 47,343 JOB OPENINGS AND BUSINESS OPPORTUNITIES LISTED IN THIS AUTOMATED SYSTEM. STATISTICS WE HAVE GATHERED SHOW THAT THESE PROGRAMS

HELP SERVICE MEMBERS FIND JOBS MORE QUICKLY, AND ACCOUNT FOR A COST AVOIDANCE OF \$152 MILLION ANNUALLY THAT WOULD HAVE TO BE SPENT FOR UNEMPLOYMENT COMPENSATION.

THESE FACTS ALONE DEMONSTRATE THAT THE LOSS THAT WOULD BE ASSOCIATED WITH THE PHASE OUT THESE IMPORTANT PROGRAMS. HOWEVER, WE ARE CERTAIN THAT WE CAN FIND ECONOMIES WITHOUT DEGRADING THE VALUE OF THE SERVICES PROVIDED THROUGH BOTH PROGRAMS. WE ARE LOOKING AT STRATEGIES FOR MAKING THESE PROGRAMS MORE AFFORDABLE FOR THE FUTURE.

MORALE, WELFARE AND RECREATION PROGRAMS

THE DEPARTMENT OF DEFENSE PROVIDES MORALE, WELFARE AND RECREATION (MWR) PROGRAMS IN ORDER TO HELP BRING SOME OF THE BENEFITS OF CIVILIAN LIFE TO OUR MILITARY COMMUNITIES. THESE PROGRAMS ARE THE CORNERSTONE OF COMMUNITY QUALITY OF LIFE, PROVIDING FOR FITNESS, RECREATION CENTERS, LIBRARIES, SPORTS AND ATHLETIC PROGRAMS, YOUTH CENTERS, AND A VARIETY OF OTHER RECREATIONAL AND SOCIAL ACTIVITIES. MWR PROGRAMS ALSO INCLUDE REVENUE-GENERATING ACTIVITIES SUCH AS BOWLING CENTERS AND GOLF COURSES, WHICH NOT ONLY PROVIDE RECREATIONAL OPPORTUNITIES, BUT GENERATE PROFITS USED TO IMPROVE OTHER COMMUNITY MWR PROGRAMS.

THE DEPARTMENT CONSIDERS MWR CRITICAL TO MISSION READINESS AND PRODUCTIVITY. THE PROGRAMS AND ACTIVITIES OFFERED AT OUR INSTALLATIONS WORLDWIDE CONTRIBUTE TO PHYSICAL FITNESS, ESPRIT DE CORPS, AND AID IN THE RECRUITMENT AND RETENTION OF PERSONNEL.

IN THE COURSE OF THE LAST TWO YEARS, THE DEPARTMENT HAS TAKEN ACTION TO IMPROVE AND UPDATE MWR PROGRAMS. WE HAVE ISSUED NEW POLICY GUIDANCE, INCORPORATING REQUIREMENTS FOR SHORT AND LONG RANGE PLANNING, SPECIFIC SERVICE GOALS AND STANDARDS, AND A PERIODIC MARKET ANALYSIS TO ENSURE THAT OUR PROGRAMS ARE CUSTOMER DRIVEN. WE HAVE ALSO PROVIDED SPECIFIC METRICS TO MEASURE FUNDING STANDARDS AND FOR NONAPPROPRIATED FUND FINANCIAL ASSESSMENT. BEGINNING WITH FISCAL YEAR 1996, WE INCREASED FUNDING TO BRING THE MILITARY SERVICES TO A MORE CONSISTENT LEVEL OF APPROPRIATED FUNDING FOR THESE VITAL

PROGRAMS. THESE FUNDS WERE TARGETED FOR IMPROVEMENTS IN PROGRAMS IN THE MARINE CORPS AND THE ARMY. FOR FISCAL YEAR 1997, THE NAVY HAS INCLUDED RESOURCES IN THEIR BUDGET TO IMPROVE FITNESS CENTERS AND LIBRARIES AFLOAT, AN ACTION THAT WILL IMPROVE QUALITY OF LIFE ABOARD OVER 350 SHIPS.

OUR PLANS FOR NEXT YEAR WILL BUILD ON THESE INITIATIVES. AS A RESULT OF A FINDING FROM THE QUALITY OF LIFE TASK FORCE, WE WILL BE EXAMINING THE PROGRAMS AND FACILITIES WE PROVIDE FOR PHYSICAL FITNESS ON OUR INSTALLATIONS AND WORKING WITH THE MILITARY DEPARTMENTS TO BUILD ACTION PLANS TO ADDRESS ANY SHORTCOMINGS. WE WILL CONTINUE TO PROMOTE INNOVATIVE SOLUTIONS FOR PROGRAM DELIVERY, ENCOURAGE PARTNERSHIPS, PUBLIC/PRIVATE VENTURES AND COMMUNITY AGREEMENTS WHEN IT MAKES SENSE. WE WILL ALSO CONTINUE TO PROMOTE COOPERATIVE EFFORTS AMONG THE MILITARY SERVICES AND EXCHANGE PROGRAMS AS ANOTHER AVENUE TO REDUCE OVERHEAD, INCREASE SERVICE, AND REDUCE COSTS. FINALLY, WE WILL MONITOR OUR JOINT EXECUTION OF PROGRAM GOALS TO INCREASE CONSISTENCY OF SERVICE FOR OUR TOTAL FORCE.

OFF-DUTY VOLUNTARY EDUCATION PROGRAMS

THE DEPARTMENT HAS HISTORICALLY SPENT ABOUT \$220 MILLION ANNUALLY TO SUPPORT ITS VERY POPULAR OFF-DUTY CONTINUING EDUCATION PROGRAMS. ABOUT ONE-THIRD OF THE ACTIVE FORCE PARTICIPATES IN THESE PROGRAMS, EARNING THOUSANDS OF ASSOCIATE, BACHELORS AND MASTERS DEGREES FROM NATIONALLY ACCREDITED COLLEGES AND UNIVERSITIES. THE SERVICES PROVIDE THEIR MEMBERS WITH ABOUT \$135 MILLION IN TUITION ASSISTANCE

ANNUALLY. TYPICALLY, COURSES ARE OFFERED EVENINGS AND WEEKENDS AT EDUCATION CENTERS LOCATED ON MILITARY BASES AROUND THE WORLD. HOWEVER, SERVICE MEMBERS MAY TAKE COURSES OFF-BASE, ON BOARD SHIPS AT SEA, OR THROUGH CORRESPONDENCE COURSES AND OTHER FORMS OF INDEPENDENT STUDY AVAILABLE VIA TELEVISION OR COMPUTER. MEMBERS ARE ALSO OFFERED FULLY FUNDED OPPORTUNITIES TO ENHANCE THE BASIC ACADEMIC SKILLS, EARN A HIGH SCHOOL EQUIVALENCY DIPLOMA OR TEST FOR COLLEGE CREDIT. TESTS FOR LICENSING, CERTIFICATION AND COLLEGE ADMISSION ARE ALSO FULLY FUNDED. CURRENT INITIATIVES INCLUDE CONNECTING ALL EDUCATION CENTERS TO THE INTERNET AND EXPANDING OPTIONS FOR SERVICE MEMBERS TO TAKE COURSES AND COMPLETE DEGREES USING DISTANCE EDUCATION OPPORTUNITIES.

DOD EDUCATION ACTIVITY

OUR DOD EDUCATION ACTIVITY PROVIDES A WORLD-CLASS EDUCATIONAL PROGRAM THAT PREPARES STUDENTS IN MILITARY COMMUNITIES FOR SUCCESS IN A DYNAMIC GLOBAL ENVIRONMENT. IN FISCAL YEAR 1997, WE PROJECT THAT WE WILL PROVIDE EDUCATION TO SOME 87,000 STUDENTS IN OUR DOD DEPENDENTS' SCHOOL SYSTEM OVERSEAS AND 33,000 THROUGH OUR DOD DOMESTIC DEPENDENT ELEMENTARY AND SECONDARY SCHOOLS. ADDITIONALLY, WE HAVE OVERSIGHT RESPONSIBILITIES AND FISCAL SUPPORT OF EIGHT SPECIAL CONTRACTUAL ARRANGEMENTS WITH LOCAL EDUCATION AGENCIES IN FIVE STATES AND GUAM, SERVING AN ADDITIONAL 6,000 STUDENTS.

THIS PAST YEAR, WE HAVE INVOLVED PARENTS, STAFF AND THE MILITARY SERVICES IN THE DEVELOPMENT OF AN AGGRESSIVE STRATEGIC PLAN TO SUPPORT CONTINUED QUALITY AND INTEGRATE THE

PRESIDENT'S NATIONAL EDUCATION GOALS INTO OUR SYSTEM. ADDITIONALLY, WE HAVE INTEGRATED A TECHNOLOGY INITIATIVE AIMED AT IMPROVING STAFF AND STUDENT PERFORMANCE INTO THE 21ST CENTURY. THIS INITIATIVE FULLY SUPPORTS THE PRESIDENT'S EDUCATIONAL TECHNOLOGY INITIATIVE. THIS INITIATIVE MOVES TOWARD PROVIDING GREATER ACCESS TO MODERN COMPUTERS IN CLASSROOMS, CONNECTS SCHOOLS TO THE INFORMATION SUPERHIGHWAY, DEVELOPS EFFECTIVE SUBJECT AREA CURRICULUM SOFTWARE, AND DEVELOPS TEACHER COMPETENCE TO HELP STUDENTS USE AND LEARN THROUGH TECHNOLOGY. WE HAVE INCLUDED \$7.5 MILLION IN OUR BUDGET FOR THESE TECHNOLOGY INITIATIVES.

WHILE WE HAVE BEEN UNDERGOING A TREMENDOUS AMOUNT OF TURBULENCE WITHIN OUR SYSTEM OVER THE PAST 2 YEARS, WE HAVE SUCCESSFULLY MINIMIZED ANY ADVERSE AFFECTS ON CHILDREN'S EDUCATION. STUDENTS AT OUR SCHOOLS CONSISTENTLY SCORED 8-19 PERCENTILE POINTS ABOVE THE NATIONAL AVERAGE IN ALL COMPREHENSIVE TEST OF BASIC SKILLS AND AMERICAN COLLEGE TEST AREAS OVER THE PAST SCHOOL YEAR.

WE PROJECT THAT WE WILL COMPLETE MOST OF OUR SCHOOL CLOSURES AND REALIGNMENTS IN EUROPE AND THE PACIFIC BY THE END OF THIS YEAR. WE NOW HAVE 177 SCHOOLS OVERSEAS, 92 LESS THAN WE HAD WHEN WE BEGAN OUR DRAWDOWN.

OUR BUDGET REQUEST FOR FISCAL YEAR 1997 REMAINS CONSISTENT WITH LAST YEAR'S REQUEST.

COMMISSARIES AND EXCHANGES

THE COMMISSARY SYSTEM IS AN IMPORTANT ELEMENT OF THE MILITARY NON-PAY COMPENSATION PACKAGE AND A CRITICAL ASPECT OF QUALITY OF LIFE. SECRETARY PERRY REMAINS FIRM THAT THIS BENEFIT MUST NOT BE ERODED. COMMISSARIES ENHANCE INCOME THROUGH A 20-25% SAVINGS ON PURCHASES OF FOOD AND HOUSEHOLD ITEMS FOR THE MILITARY MEMBER AND FAMILY. THE IMPORTANCE OF COMMISSARIES FOR THOSE STATIONED OVERSEAS CANNOT BE UNDERSTATED -- THEY ARE OFTEN THE ONLY SOURCE OF AMERICAN PRODUCTS. AND IN ISOLATED OR REMOTE AREAS, THE ONLY CONVENIENT SOURCE OF GROCERIES.

WE CONTINUE TO WORK TOWARD GREATER EFFICIENCIES IN THESE STORES. THE DEFENSE COMMISSARY AGENCY RECENTLY RECEIVED THE HAMMER AWARD FOR THE ACCOMPLISHMENTS OF THE AGENCY'S OPERATION SUPPORT CENTER, SPECIFICALLY THEIR NEW SYSTEM FOR ORDERING AND RECEIVING PRODUCTS FOR OVERSEAS STORES, AND FOR TWO OTHER BUSINESS PRACTICES -- RESALE ORDERING AGREEMENT AND DELIVERING TICKET INVOICING. THESE INNOVATIONS GREATLY IMPROVE OVERSEAS ORDER/SHIP TIME, DRAMATICALLY REDUCE THE NUMBER OF CONTRACTS THE AGENCY HAS WITH VENDORS AND BOOSTS TIMELY PAYMENTS.

AS OF OCTOBER 1995, THERE WERE 201 COMMISSARIES IN THE UNITED STATES AND 111 OVERSEAS.

EXCHANGES SUPPORT SERVICE MEMBERS AND MILITARY FAMILIES BY PROVIDING GOODS AND SERVICES TO THEM AT AFFORDABLE PRICES. THE EXCHANGES ALSO GENERATE REVENUES THAT FUND RECREATIONAL

ACTIVITIES DESIGNED TO PROMOTE READINESS, INDIVIDUAL AND COMMUNITY FITNESS, ESPRIT DE CORPS AND THE PERSONAL DEVELOPMENT OF THOSE WHO SERVE THEIR COUNTRY.

DURING THE PAST YEAR, THE DEPARTMENT TOOK A HARD LOOK AT ITS POLICIES THAT DESCRIBE WHERE AND WHEN WE CAN OPERATE EXCHANGES AND COMMISSARIES. WE DID THIS IN AN ATTEMPT TO BALANCE OUR QUALITY OF LIFE INITIATIVES WITH THE HARD REALITIES OF BASE CLOSURES AND REALIGNMENTS. WE DISCOVERED THAT IN MANY INSTANCES, ACTIVE DUTY PERSONNEL WERE REMAINING ON OR IN THE IMMEDIATE VICINITY OF MANY OF THESE INSTALLATIONS. THIS PAST YEAR, WE BEGAN A NEW WAY OF DOING BUSINESS AND REWROTE DEPARTMENT POLICY TO MAINTAIN CERTAIN EXCHANGE OPERATIONS AND COMMISSARIES ON THOSE INSTALLATIONS WHERE A SIGNIFICANT NUMBER OF ACTIVE DUTY SERVICE MEMBERS REMAINED.

RECOGNIZING TOO, THAT MEMBERS OF THE RESERVE COMPONENT COULD LOSE THEIR EXCHANGE OR COMMISSARY AS INSTALLATIONS CLOSED OR REALIGNED, WE OPENED UP A NEW BXMART AT HOMESTEAD AIR FORCE RESERVE BASE IN FLORIDA. THE BXMART AT NAVAL AIR STATION (NAS) FORT WORTH, FORMERLY CARSWELL AIR FORCE BASE, TEXAS, COMPLETED ITS SECOND YEAR OF OPERATION. ALTHOUGH THE BXMART WAS NOT FINANCIALLY VIABLE AS A STAND ALONE OPERATION, OVERALL EXCHANGE OPERATIONS WERE marginally PROFITABLE. BECAUSE OF THE MARGINAL PROFITABILITY OF THE FORT WORTH TEST, WE ARE NOT YET ABLE TO ENDORSE THIS AS FUTURE POLICY OF THE DEPARTMENT. WE WILL CONTINUE TO EVALUATE OUR TEST SITES FOR OVERALL PROFITABILITY, AND THE OVERALL IMPACT ON THE MWR DIVIDENDS. WE WILL ESTABLISH FUTURE TEST BXMARTS ONLY WHERE PROGRAMS INDICATE A PROFITABLE OUTCOME.

CIVILIAN PERSONNEL

OUR CIVILIAN WORKFORCE IS A CRUCIAL LINK IN OUR NATIONAL DEFENSE. THE DEPARTMENT OF DEFENSE EMPLOYS MORE THAN 800,000 CIVILIANS AROUND THE WORLD AND, EVEN WITH THE DRAWDOWN, WE REMAIN BY FAR THE LARGEST FEDERAL EMPLOYER.

DOWNSIZING THE CIVILIAN WORKFORCE

REGULAR EMPLOYMENT IN THE DEPARTMENT OF DEFENSE HAS FALLEN FROM 1,117,000 AT THE END OF FISCAL YEAR 1989 TO 837,000 IN NOVEMBER 1995. THIS CUT REPRESENTS 25 PERCENT OF OUR WORKFORCE.

WE CONTINUE TO WORK HARD TO MANAGE THE DRAWDOWN OF OUR CIVILIAN WORKFORCE.

THROUGH CREATIVE USE OF OUR TRANSITION PROGRAMS WE HAVE BEEN ABLE TO HOLD OUR INVOLUNTARY SEPARATIONS, THAT IS SEPARATIONS BY REDUCTIONS-IN-FORCE (RIF), TO LESS THAN NINE PERCENT. TO ACHIEVE THIS REMARKABLE RATE WE HAVE APPLIED A VARIETY OF TRANSITION ASSISTANCE PROGRAMS. THE DOD PRIORITY PLACEMENT PROGRAM (PPP) HAS PLACED 133,000 WORKERS IN ITS 30-YEAR HISTORY AND CONTINUES TO FIND JOBS FOR MORE THAN 900 SURPLUS EMPLOYEES PER MONTH. WE ARE MAKING GOOD USE OF THE VOLUNTARY EARLY RETIREMENT AUTHORITY TO ALLOW EMPLOYEES TO RETIRE UNDER REDUCED AGE AND SERVICE REQUIREMENTS.

THE DEFENSE OUTPLACEMENT REFERRAL SYSTEM HAS BEEN AVAILABLE SINCE FY 1992. UNDER THIS SYSTEM WE HAVE REFERRED ABOUT 18,000 EMPLOYEES TO POTENTIAL PRIVATE-SECTOR EMPLOYERS. WE ARE ALSO

USING VOLUNTARY SEPARATION INCENTIVE PAYMENTS (VSIP) OR "BUYOUTS." THESE ARE LUMP SUM PAYMENTS OF UP TO \$25,000 TO ENCOURAGE EMPLOYEES IN SURPLUS OCCUPATIONS TO RESIGN OR RETIRE. ROUGHLY 78,000 EMPLOYEES HAVE LEFT WITH VSIPS, AVOIDING A LIKE NUMBER OF LAYOFFS. ANOTHER NEW PROGRAM IS THE NON-FEDERAL HIRING INCENTIVE. EFFECTIVE AUGUST 25, 1995, THIS PROGRAM OFFERS NON-FEDERAL EMPLOYERS UP TO \$10,000 TO RETRAIN OR RELOCATE A DOD EMPLOYEE AND KEEP THE PERSON EMPLOYED FOR AT LEAST A YEAR.

DESPITE THE DRAWDOWN, WE HAVE BEEN ABLE TO MAINTAIN WORKFORCE BALANCE. THE CUTS HAVE AFFECTED MEN AND WOMEN IN EQUAL PROPORTIONS. FEMALE EMPLOYEES COMPRISE 37 PERCENT OF THE WORKFORCE, THE SAME PROPORTION THEY DID IN SEPTEMBER 1989. AND WE HAVE MADE PROGRESS IN OUR HIGHER GRADED POSITIONS. IN GRADES GS-13 THROUGH SES, WOMEN HAVE INCREASED THEIR REPRESENTATION FROM 14 TO 19 PERCENT. MINORITY GROUP MEMBERS HAVE INCREASED FROM 10 TO 12 PERCENT OF THE WORK FORCE.

WE HAVE MANAGED OUR REDUCTIONS BY BEING TRUE TO OUR GOALS (REDUCING STAFF, AVOIDING INVOLUNTARY SEPARATIONS, ASSISTING EMPLOYEES, AND ACHIEVING BALANCE). WE DELEGATE AUTHORITY TO THE LOWEST POSSIBLE LEVELS AND USE OUR TRANSITION TOOLS EFFECTIVELY. AT THE SAME TIME WE PAY CONSTANT ATTENTION TO WORKFORCE DEMOGRAPHICS AND THE RESULTS OF DOWNSIZING WHILE HOLDING ON TO OUR MISSION AND READINESS REQUIREMENTS.

EVEN THOUGH WE ARE WORKING HARD TO MAKE THE DOWNSIZING GO SMOOTHLY AND HUMANELY, WE ALSO ARE CONCERNED ABOUT THE PEOPLE AND PROGRAMS THAT REMAIN. WE ARE STREAMLINING AND

AUTOMATING OUR PERSONNEL MANAGEMENT SYSTEMS TO IMPROVE THE SERVICE WE PROVIDE TO OUR MANAGERS AND EMPLOYEES, INCREASE EFFICIENCY, AND REDUCE COSTS.

SYSTEMS MODERNIZATION

WE ARE DEVELOPING A STANDARD DOD SYSTEM TO ALLOW IMMEDIATE ACCESS TO CURRENT CIVILIAN PERSONNEL DATA, PROVIDE ON-LINE UPDATE OF EMPLOYEE DATA, REDUCE TRAINING AND OPERATIONAL COSTS, AND IMPROVE PRODUCTIVITY. TO ACCELERATE THE PROCESS, WE HAVE SELECTED A COMMERCIAL OFF-THE-SHELF SOFTWARE PACKAGE AS A BASIS FOR THE MODERN DATA SYSTEM. FOR INTERIM IMPROVEMENT, WE HAVE COMPLETED OR NEARLY COMPLETED THIRTEEN PROJECTS TO AUTOMATE FUNCTIONS THAT ACCOUNT FOR AT LEAST HALF OF THE STANDARD CIVILIAN PERSONNEL OFFICE WORKLOAD. OUR TARGET SYSTEM SHOULD BE DEPLOYED IN FISCAL YEAR 1998.

REGIONALIZATION

TO IMPROVE PRODUCTIVITY AND CUSTOMER SERVICE WHILE REDUCING COSTS, THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES ARE PULLING FUNCTIONS FROM THEIR INSTALLATION CIVILIAN PERSONNEL OFFICES INTO REGIONAL SERVICE CENTERS. WE WILL HAVE 23 REGIONAL CENTERS TO PERFORM THOSE FUNCTIONS THAT CAN BE PERFORMED MORE EFFICIENTLY AND EFFECTIVELY FROM A CENTRAL OPERATION. THE ARMY HAS OPENED THREE REGIONAL CENTERS AND IS DEVELOPING SEVEN MORE SITES. THE NAVY HAS OPENED TWO CENTERS WITH SIX ADDITIONAL SITES PLANNED. THE AIR FORCE WILL ESTABLISH A SINGLE CENTER. FOUR CENTERS SERVING THE DEFENSE AGENCIES WILL BE OPERATED BY THE WASHINGTON HEADQUARTERS SERVICE, THE DEFENSE

MAPPING AGENCY, THE DEFENSE FINANCE AND ACCOUNTING SERVICE, AND THE DEFENSE LOGISTICS AGENCY. ALL THE CENTERS WILL BE OPERATIONAL BY THE END OF FISCAL YEAR 1998.

DEPLOYED INJURY AND UNEMPLOYMENT COMPENSATION TRACKING SYSTEM

TO HELP SUPPORT THE FIELD LIAISON OFFICES WE ESTABLISHED LAST YEAR AT DEPARTMENT OF LABOR OFFICES, WE HAVE DEVELOPED AND DEPLOYED A COMPREHENSIVE TRACKING AND AUDITING SYSTEM. THIS SYSTEM FACILITATES THE FLOW OF INFORMATION TO ALL OF OUR DOD INSTALLATIONS AND HELPS US INSURE THAT ONLY VALID CLAIMS ARE PAID. THE SYSTEM HAS ALREADY BEEN INSTALLED IN 67 PERSONNEL OFFICES, AND 150 MORE OFFICES WILL RECEIVE THE SYSTEM BY THE END OF THIS YEAR. COMBINED WITH HOME VISITS AND CASE REVIEWS, THIS SYSTEM SAVED THE DEPARTMENT \$5.5 MILLION IN FISCAL YEAR 1995. THIS REPRESENTS A POTENTIAL LIFETIME SAVINGS OF \$110 MILLION.

IMPROVED LABOR-MANAGEMENT PARTNERSHIPS

THE CIVILIAN PERSONNEL POLICY AND CIVILIAN PERSONNEL MANAGEMENT SERVICE STAFFS HAVE UNDERTAKEN SEVERAL INITIATIVES TO IMPROVE LABOR RELATIONS AND PARTNERSHIPS WITHIN THE DEPARTMENT. WE HAD A MAJOR ROLE IN DEVELOPING THE NATIONAL PARTNERSHIP COUNCIL (NPC) HANDBOOK AND ESTABLISHING AN NPC PARTNERSHIP AWARD. THE DEFENSE PARTNERSHIP COUNCIL CONTINUES TO BE AN EFFECTIVE VEHICLE FOR PROVIDING ASSISTANCE TO LABOR AND MANAGEMENT TEAMS. EXTENSIVE SAVINGS HAVE BEEN ACHIEVED THROUGH PARTNERSHIP. FOR EXAMPLE, AT THE SAN ANTONIO AIR LOGISTICS CENTER, AN ORGANIZATION THAT HAD A HISTORY OF

LABOR-MANAGEMENT PROBLEMS, PARTNERSHIP INITIATIVES RESULTED IN AN 89 PERCENT DECREASE IN UNFAIR LABOR PRACTICE (ULP) FILINGS FROM 1992 TO 1995. UNION GRIEVANCES FELL BY 82 PERCENT AND EMPLOYEE GRIEVANCES FELL BY 85 PERCENT. AT ROCK ISLAND, A NEGOTIATED ALTERNATE WORK SCHEDULE CUT OVERTIME COSTS BY \$250,000 IN 1995. AT THE TRIDENT REFIT FACILITY, THE RESULT OF NO FORMAL ULPS IN A YEAR AND A HALF NO ARBITRATIONS IN TWO YEARS HAS BEEN A COST AVOIDANCE OF \$300,000.

RESOLVED IMPASSE IN PORTUGUESE LABOR NEGOTIATIONS

FOLLOWING EXTENSIVE DISCUSSIONS AND COORDINATION WITHIN THE DEPARTMENT OF DEFENSE, AND WITH THE DEPARTMENT OF STATE AND OUR EMBASSY IN LISBON, WE WERE SUCCESSFUL IN FRAMING AN ACCEPTABLE SOLUTION TO AN IMPASSE THAT WAS STRAINING U.S.-PORTUGUESE RELATIONS AND OUR OPERATIONS AT LAJES AIR BASE IN THE AZORES. THIS SETTLEMENT REMOVED THE REMAINING BARRIER TO U.S.-PORTUGAL EXECUTION OF A NEW CHARTER ON COOPERATION, A REVISED TECHNICAL AGREEMENT, AND THE UNDERSTANDING ON LABOR.

CONSOLIDATED OFFICES OF COMPLAINT INVESTIGATION

WHEN THE COMPLAINTS INVESTIGATION OFFICES OF THE MILITARY DEPARTMENTS WERE CONSOLIDATED INTO A SINGLE DEFENSE-WIDE OFFICE OF COMPLAINTS INVESTIGATIONS (OCI) IN FISCAL YEAR 1994, WE INHERITED 33 SITE OFFICES AROUND THE WORLD. WE HAVE CUT THE NUMBER OF SITES TO 25 BY THE END OF FISCAL YEAR 1995 AND PLAN FURTHER REDUCTIONS. EVEN WITH THESE CONSOLIDATIONS AND REDUCTIONS IN STAFF, THE OCI STAFF HAS MANAGED TO REDUCE THE CASE BACKLOG OF 1,800 CASES AND NOW COMPLETES 90 PERCENT OF THE

CASES IN 120 DAYS AS OPPOSED TO THE 180-DAY REQUIREMENT. THROUGH THE USE OF ALTERNATIVE DISPUTE RESOLUTION EFFORTS (MEDIATION AND FACT-FINDING) WE SAVED THE DEPARTMENT APPROXIMATELY \$8 MILLION IN CASE PROCESSING COSTS IN FY 1995. OCI INVESTIGATORS COMPLETED OVER 4,000 CASES DURING THE FISCAL YEAR, OF WHICH 20 PERCENT WERE RESOLVED THROUGH THE USE OF ADR.

EQUAL OPPORTUNITY

EFFECTIVE EQUAL OPPORTUNITY POLICIES PROVIDE THE ALL-VOLUNTEER FORCE ACCESS TO THE WIDEST POSSIBLE POOL OF QUALIFIED MEN AND WOMEN, ALLOW THE MILITARY TO TRAIN AND ASSIGN PEOPLE ACCORDING TO THE NEEDS OF THE SERVICE, AND GUARANTEE SERVICE MEN AND WOMEN THAT THEY WILL BE JUDGED BY THEIR PERFORMANCE AND WILL BE PROTECTED FROM DISCRIMINATION AND HARASSMENT. THESE CONDITIONS ARE THE CONTEXT IN WHICH THE DEPARTMENT'S EQUAL OPPORTUNITY POLICIES AND PROGRAMS ARE DEVELOPED AND IMPLEMENTED.

IN A MARCH 3, 1994, MEMORANDUM TO ALL DOD COMPONENTS, SECRETARY PERRY REITERATED HIS UNEQUIVOCAL COMMITMENT TO EQUAL OPPORTUNITY. THE SECRETARY SAID, "EQUAL OPPORTUNITY IS NOT JUST THE RIGHT THING TO DO, IT IS ALSO A MILITARY AND ECONOMICAL NECESSITY. MOST IMPORTANTLY, ALL EMPLOYEES OF THIS DEPARTMENT HAVE A RIGHT TO CARRY OUT THEIR JOBS WITHOUT DISCRIMINATION OR HARASSMENT. ...THEREFORE, I WILL NOT TOLERATE DISCRIMINATION OR HARASSMENT OF OR BY ANY DEPARTMENT OF DEFENSE EMPLOYEE."

THE SECRETARY RECOGNIZES THAT DISCRIMINATION AND SEXUAL HARASSMENT JEOPARDIZE ORGANIZATIONAL READINESS BY WEAKENING INTERPERSONAL BONDS, ERODING UNIT COHESION, AND THREATENING GOOD ORDER AND DISCIPLINE. BY COMPREHENSIVELY ADDRESSING HUMAN RELATIONS ISSUES AND BY EXPEDITIOUSLY INVESTIGATING AND RESOLVING DISCRIMINATION COMPLAINTS, THE DEPARTMENT SUPPORTS READINESS. FOLLOWING THE SECRETARY'S LEAD, SENIOR DOD CIVILIAN OFFICIALS AND MILITARY LEADERS STRIVE TO ENSURE THAT EVERY INDIVIDUAL IN THE DEPARTMENT, MILITARY OR CIVILIAN, IS FREE TO CONTRIBUTE TO HIS OR HER FULLEST POTENTIAL IN AN ATMOSPHERE OF RESPECT AND DIGNITY.

IN MAY 1995, THE DEPARTMENT TRANSMITTED TO THE CONGRESS THE REPORT OF THE DEFENSE EQUAL OPPORTUNITY COUNCIL (DEOC) TASK FORCE ON DISCRIMINATION AND SEXUAL HARASSMENT AS DIRECTED BY SECTION 532 OF PUBLIC LAW 103-337. THE REPORT CONTAINED 48 RECOMMENDATIONS FOR IMPROVEMENTS IN THE MILITARY SERVICES' DISCRIMINATION AND HARASSMENT PREVENTION PROGRAMS, INCLUDING THE ESTABLISHMENT OF DEPARTMENT-WIDE STANDARDS FOR DISCRIMINATION COMPLAINTS PROCESSING. THE REPORT'S 48 RECOMMENDATIONS WERE PUT IN PLACE WITH THE ISSUANCE OF DOD DIRECTIVE 1350.2, "DEPARTMENT OF DEFENSE MILITARY EQUAL OPPORTUNITY (MEO) PROGRAM" IN AUGUST 1995.

OUR EQUAL OPPORTUNITY EFFORTS CONTRIBUTE TO BUILDING A MILITARY FORCE WHICH REFLECTS THE DIVERSITY OF OUR NATION. ITS COMPOSITION IS A RESOUNDING STATEMENT ABOUT WHAT IS POSSIBLE IN A MULTI-RACIAL, MULTI-ETHNIC SOCIETY. MOST NATIONS ARE MULTI-RACIAL, AND MANY OF THEM ARE RIVEN ALONG LINES OF RACE, RELIGION, OR LANGUAGE. WHEN THE U.S. MILITARY IS DEPLOYED,

WHETHER FOR WARFIGHTING OR PEACEKEEPING, IT DISPLAYS THE POSSIBILITY OF OVERCOMING THOSE SOURCES OF DIVISION. IT SHOWS THAT DIVERSITY CAN BE A SOURCE OF STRENGTH.

SUMMARY

THE OVERVIEW OF THE DEPARTMENT'S PERSONNEL PROGRAMS THAT I HAVE SET OUT IN THIS STATEMENT PRESENTS A COMPLEX ARRAY OF INITIATIVES AND ACTIVITIES. OUR OBJECTIVE, BY CONTRAST, REMAINS STRAIGHTFORWARD -- MEETING THE CHALLENGE OF MEDIUM TERM READINESS BY BRINGING STABILITY TO THE FORCE AND IMPLEMENTING SECRETARY PERRY'S AMBITIOUS QUALITY OF LIFE INITIATIVE.

AT THIS POINT I BELIEVE WE ARE IN GOOD SHAPE. WE HAVE MET THE UNPRECEDENTED CHALLENGE OF DOWNSIZING AN ALL-VOLUNTEER FORCE SUCCESSFULLY. TODAY'S ARMED FORCES ARE MORE EXPERIENCED, OF HIGHER QUALITY AND MORE DIVERSE THAN EVER BEFORE. OUR RECRUITMENT PROGRAMS -- THE LIFEblood OF A QUALITY FORCE -- HAVE BEEN SUCCESSFUL IN TERMS OF MEETING NUMERICAL GOALS AND IN TERMS OF QUALITY. THERE ARE CHALLENGES AHEAD, BUT I AM CONFIDENT THAT, WITH THE CONTINUING SUPPORT OF THE CONGRESS AND THIS COMMITTEE, WE CAN CONTINUE TO ACHIEVE OUR READINESS OBJECTIVES AND PROVIDE THE MEN AND WOMEN IN UNIFORM WHO SERVE THIS NATION AND THEIR FAMILIES THE QUALITY OF LIFE THEY SO RICHLY DESERVE.

THANK YOU AGAIN FOR THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE TODAY. I LOOK FORWARD TO ANSWERING ANY QUESTIONS YOU MAY HAVE.

Mr. DORNAN. One comment on your opening remarks, Mr. Pang. You and I had a long conversation about this, I don't know whether it is so politically driven from the top, Mr. Clinton down, that everybody feels constrained to comment on this, particularly the day that Mr. Clinton signed the bill, the authorization bill from last year about five months late on February 10, he didn't comment on putting U.S. troops under foreign command, sending troops to misadventures, at least in my estimation like Bosnia, Haiti and Somalia. He didn't comment on trillions of dollars being spent, and we still can't defend this country from one errant rogue nuclear or biological tipped missile coming at us, but he felt constrained to go on and on about the HIV and has ever since.

And I hope since you mentioned the arithmetic, small percentage on readiness, I noticed you were paying careful attention to the prior panel on fairness, were you not? It is a fairness issue. And one of the surgeons general who will not be identified by me, did have the decency to come up to me afterward from last week, without contradicting his testimony, and say, what makes this HIV factor different from every other nondeployable medical category, it is the only one that is an infectious, fatal venereal disease. That's what makes it different. We all know that.

And all the surgeons general admitted to me that they are the ones who recommended that all of these people have a change in assignment. If they're overseas, they come home. If they're on a plane, helicopter, ship, subsurface ship or anything that shoots or fires or explodes or travels on tracks, they are immediately pulled out of that assignment. I want one comment and we will let it go.

You said there are many middle level people in their careers who are performing well. Not one of those middle level people, if they are overseas or in any of the categories that we advertised for young people to come in to the military, will stay in that job, will they?

Mr. PANG. Not overseas, no, sir.

Mr. DORNAN. I mean even here. They will not fly, shoot, sail or train or go near a gunnery range, so they have to be retained into something else.

Mr. PANG. Not in all cases, sir.

Mr. DORNAN. That's what we are trying to get out of the military now. If wives stand up at town hall meetings before the OPSTEMPO Task Force and bring this up, and it is being noticed that some people have what's generally a soft birth, never to go in harm's way again, and unlike any other category, this one is infectious. And that's why the Surgeons General, including the one who came up to me after the hearing said, "we recommend they be pulled back from overseas and taken out of all combat or combat trainer assignments."

So it really is a burden beyond the arithmetic computation. It's a small factor upon readiness unless you happen to be that marine company commander who, I respect his anonymity, kept telling me that it busted him and angered him to have to reassign somebody who had been out of the country 2 out of 3 years because one of his people known only to him as the CEO had contracted an infectious venereal disease that kept him from being assigned and kept him home safe while another married man left.

We will fight it down to the wire here, a lot of it on the House floor, but the Navy, which I learned in the middle of the hearing, has 550 HIV-infected people and only 200 people in the other category.

And the big question that jumps out at you, since you are over all the services, and have a son who is an ensign, and you were an enlisted guy on destroyers, you have seen and done it all, Fred. You know that this could be a morale factor.

And the question is why does the Navy suffer on their nondeployables so they end up with less than 200 in the category of everything else, but in the infectious disease category they have 550?

And my conclusion is, until someone disabuses me of this idea, it is because it is politically driven by the homosexual activist agenda and lobbyists in this country. No other reason. If it were just syphilis and syphilis were still fatal as it was in the last century, there would be no discussion of this whatsoever. They would be gone. Gone. In an instant. And that's not the biggest category, maybe. It may be heterosexuals disobeying orders not to go to certain off-limits places. And the drug thing is still a mystery to us because nobody can understand how big the drug factor is, since it is a zero-tolerance military, and should be, and the temptations are still out there in civilian life.

And before I came here, I had an hour briefing from Joint Task Force 6, and we are at war with narcotics at least in the U.S. military, and I think General McCaffrey will bring a commitment to that job that I never saw out of any of the prior so-called drug czars, men as good as they were to a man.

Excellent statement other than that one little disagreement we keep having that I believe is politically driven.

General Stroup.

STATEMENT OF LT. GEN. THEODORE G. STROUP, JR., DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY

General STROUP. Mr. Chairman, I would like to thank you very much for the opportunity to testify today for you and your committee on behalf of the young men and women in America's Army, the active, the guard and the reserve.

I want to talk to you today not only about the quality of life, but I'm going to give you an overview and status report of America's Army today based on my recent travels over the last 90 days as I prepared for your hearing.

For the record I will submit, with your permission as you instructed earlier, my detailed remarks which also include responses to your staff's questions and to talk about your staff, sir. The past year has been excellent to work with. And the Army is most appreciative of the support that the committee and committee staff has given us in wrestling with tough issues and providing the support we need to keep America's Army trained and ready.

Mr. DORNAN. I appreciate that, but I knew that.

General STROUP. I just returned from Europe this weekend where I was visiting the troops, and I'm going to walk through very quickly giving the rest of my colleagues time. I want to talk about

readiness, recruiting retention, morale, our use in the reserves, a little bit about retirees, as I had my observations.

I will tell you as Congressman Skelton had pointed out earlier, in reinforcing my remarks last year, your Army is trained and ready in all three components. We remain stretched and strained because of operational TEMPO which is ongoing, but our readiness is up and morale of the troops, as I can get down and talk to them, remains high. The young soldiers are enthusiastic across the board about the jobs they're doing, whether it's in the training area or deployed status in a compound in Korea, deployed in Alaska or working in Bosnia.

Our recruiting has had a successful year. I point out our recruiting has been successful not only in the fact we met our numerical goals, but we exceeded our quality goals of 95 percent, 67 percent and less than 2 percent in the categories that Congress laid down for us, and I appreciate the support you have given us in recognizing, speaking for all my colleagues, the stresses and strains that our recruiting force has with the lower propensity that is occurring in America's youth, and, particularly in the Army's case, the additional resources for active Army recruiting.

We are seeing that turn around, and the capability to create awareness that the Army is still hiring as the drawdown is completed, has allowed us in the past year to see the drawdown and drop in propensity to level off. Our recruiters are still working as hard as I testified to you last year, in terms of the number of contacts it takes to meet and generate a signed contract.

The retention of the force, regardless of our deployments that we have, which have increased since 1989 over 300 percent—and these are operational deployments—is still going well. As the Army's military personnel chief, that mystifies me. But when I talk to my retention noncommissioned officers in their conferences or visit them in their offices, the troops, both the young troops and the mid-career troops are still staying in. I had some MOS's that we had some stress and strain in, but as Mr. Pang indicated, we worked hard the last year with understanding from both the Department of Defense and the Congress, and we have been able to make those fixes.

It mystifies me, but I think that in the future I will have some retention problems, but as for the numbers as they appeared this past year, I'm still doing fine. So it's evident that the soldiers like what they are doing for the active component. They like what they're doing for the guard and the reserve with respect to retention.

Reserves are important. As you know, the Army can't deploy today to meet the national security strategy on its operational mission unless we go as a complete package of America's Army. This past weekend I had the pleasure of visiting the 114th Military Police Company in Mannheim, Germany. They have been activated out of Jackson, MS, Vicksburg, MS, and deployed as a full company to backfill the military police company that was responsible for its protection and law enforcement in the Mannheim-Heidelberg area. It's a superb unit and well led, and is a great mixture of what America is made up of: law students, college professors, law enforcement. First sergeant, for example, is a county judge. The com-

pany commander was a sales manager at a marketing firm in Jackson, MS.

Mr. DORNAN. I wish Sonny Montgomery was here to hear that.

General STROUP. They asked me if I knew him, and said he was a great supporter of the Army.

I visited members of the 237th U.S. Army Hospital out of Denver, CO, which we had brought in the country in Germany and had used in small teams disbursed throughout Germany backing up the PROFUS forces that had deployed into Bosnia. I met individually with nurses, with the surgeon, and with some corpsmen. They were excited about the fact they were over there and they had the capability to support and serve.

The majority of the medical people that I talked to, albeit a small number less than 20 of that unit, were volunteers, even though we had activated the unit.

I also visited in the Frankfurt area a postal unit of the U.S. Army Reserve that had been activated from Tallahassee, FL. That was a unit also that had served with distinction in both Haiti and Somalia. In the earlier two cases it had served as a unit that had been activated with volunteers. In this case we activated the unit to go and provide backfill for active components.

In Bosnia and Hungary we have about 2,300 reserve soldiers approximately that are serving in there supplementing and reinforcing what the active component is doing. They cover a variety of skills, a variety of ranks, from medical to civil affairs to logistical. Those are the areas that the Army today needs for its complete package as it deploys the support of the national military strategy of the nation.

PERSTEMPO is a concern. We have accepted and signed up for the Marsh task force. The previous Chief of Staff and I had looked at PERSTEMPO in a different way. General Reimer and I are now looking at and evaluating a day away advocacy that's put out. We have not reached a conclusion yet as an Army, but we are studying it, and I owe General Reimer an answer by the end of August of this year.

Sir, that concludes my remarks. Thank you for the opportunity to appear again.

[The prepared statement of General Stroup follows:]

RECORD VERSION

STATEMENT BY

LIEUTENANT GENERAL THEODORE G. STROUP, JR.

DEPUTY CHIEF OF STAFF FOR PERSONNEL

UNITED STATES ARMY

BEFORE THE

PERSONNEL SUBCOMMITTEE

NATIONAL SECURITY COMMITTEE

U. S. HOUSE OF REPRESENTATIVES

SECOND SESSION, 104TH CONGRESS

MILITARY PERSONNEL - QUALITY OF LIFE

MARCH 12, 1996

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE NATIONAL SECURITY
COMMITTEE

Theodore G. Stroup, Jr.
Lieutenant General, U. S. Army
Deputy Chief of Staff for Personnel

Lieutenant General Stroup assumed his duties as the Deputy Chief of Staff for Personnel, Headquarters, Department of the Army, on September 26, 1994. He is responsible for plans, policies and programs for the management of all military personnel of Active and Reserve Components of the Army.

General Stroup was born in St. Petersburg, Florida. He is a graduate of the U.S. Military Academy, West Point, and holds a Master of Engineering Degree in Civil Engineering from Texas A&M University and a Master of Business Administration from The American University. His professional licenses as a Professional Engineer are from the states of Pennsylvania and Texas.

General Stroup is also a graduate of the U.S. Army War College, the U.S. Army Command and General Staff College, the Armed Forces Staff College as well as the Engineer School Basic and Advanced Courses.

With more than 32 years active commissioned service, General Stroup began his Army career as a Platoon Leader with the 13th Engineer Battalion, Korea, in 1962. He has served in a variety of operational assignments such as Company Commander, 864th Engineer Battalion, Vietnam; Commander, 293rd Engineer Battalion, U.S. Army Europe; Commander, U. S. Army Engineer District, Fort Worth, Texas; Course Director, Military Science Branch, West Point; Operations Officer, 802nd Engineer Battalion; Personnel Management Officer, Engineer Branch, U.S. Army Military Personnel Center; Manpower Program Analyst, Office of the Director for Program, Analysis and Evaluation.

Prior to assuming his current duties, General Stroup served as the Director, Program, Analysis and Evaluation Directorate, Office of the Chief of Staff, Army. Other key staff assignments include service as the Assistant Director of Civil Works, U.S. Army Corps of Engineers; Executive to the Vice Chief of Staff, Army; Deputy Chief of Staff for Resource Management, TRADOC; and Director for Military Personnel Management, Office of the Deputy Chief of Staff for Personnel, U.S. Army.

Military awards and decorations include the Legion of Merit (with two Oak Leaf Clusters), the Bronze Star Medal (with Oak Leaf Cluster), the Purple Heart, the Meritorious Service Medal (with two Oak Leaf Clusters), and the Army General Staff Identification Badge.

He is married to the former Harriet Kendall Harris from San Antonio, Texas.

Record Statement**Deputy Chief of Staff for Personnel****United States Army**

Mr. Chairman, on behalf of the men and women of the United States Army, I thank you for the opportunity to testify before your subcommittee. A partnership exists between the Army and Army Families. The basis of this statement is the understanding that the Army is an institution, not an occupation. Members take an oath of service to the nation and Army, rather than simply accept a job. As an institution, the Army has moral and ethical obligations to those who serve and their families; they, correspondingly, have responsibilities to the Army. This relationship creates a partnership based on the constants of human behavior and our American traditions that blend the responsibility of each individual for his/her own welfare and the obligations of the society to its members. Despite ongoing turbulence, our Army remains highly capable of accomplishing its various missions around the world. It is important that we insure that our soldiers' and family members' quality of life remains high. We enlist soldiers, we reenlist families. Today, I would like to talk with you not only on quality of life issues, but also give you an overview and status report of America's Army today.

Readiness

Bosnia units are staffed for success. As expected, and consistent with our CONUS-based strategy, our rapid deployers are fully ready, and our forward deployed and initial reinforcing units are manned at slightly lower levels in accordance with our distribution priorities. NCO shortages are the primary readiness concern of our commanders, but promotions to Sergeant are projected to be very strong (about 2,000 per month) throughout the remainder of this fiscal year, which will help senior grade readiness. Additionally, personnel extended in Europe for the Bosnia mission (about 4,000) will return to CONUS in the third quarter of fiscal year 1996. This coupled

with promotions to Sergeant, will alleviate many of the CONUS readiness concerns. Our readiness challenges are threefold; 1) budget - which currently translates into 98% NCO levels; 2) distribution - moving soldiers in response to structure changes and redistributing to fill holes caused by the voluntary nature of the drawdown which created uneven losses among installations; and the 3) Bosnia deployment - where European extensions (Involuntary Foreign Service Tour Extensions), early arrivals to Europe, and Advanced Individual Training (AIT) diversions have had a short-term impact on CONUS units.

PERSTEMPO

The Army's average yearly deployment rate will increase from 4.2 percent in fiscal year 1995 to 6 percent in fiscal year 1996. By the end of fiscal year 1996, over 34,000 soldiers will be deployed with 25,000 in support of IFOR (Implementation Force). Soldiers who deployed in fiscal year 1995, were away from home station for an average of 138 days. The average for deployed soldiers is expected to rise to approximately 235 days in fiscal year 1996, as a result of deployments committed with Operation Joint Endeavor in Bosnia. This is stretching commanders' readiness capabilities to collectively train and accept additional missions. Just as important is the strain placed on individual units, soldiers and family members. We have a high quality force which is extremely resilient, and although we see no statistical evidence of major retention problems as of now, there is concern for quality of life and retention for certain MOSs and units that deploy frequently. Mid-career retention is being watched very closely for signs of trouble caused by not only PERSTEMPO, but the cumulative impact of slower promotions, selective reenlistment bonus reductions, changes in the retirement system (40% vs. 50% of base pay at 20 years), and similar changes collectively perceived as erosion of benefits.

Enlisted Issues

The All Volunteer Army has been and is today a success by anyone's measure. We are attracting highly qualified people from all walks of life and providing them with personal and

professional challenges and opportunities only available to those willing to selflessly serve for the good of others, occasionally at the cost of their very lives.

We also know that the U. S. Army Recruiting Command's (USAREC) ability to routinely provide the required number of new accessions to sustain the All Volunteer Army is very fragile and dependent on sustained adequate resource levels. In the late '70s, the country took for granted USAREC's success and dramatically reduced funding levels. It produced the "hollow Army." You responded with more resources such as the Montgomery G. I. Bill, increased basic pay and educational benefits, and the Army has since maintained its readiness throughout the '80s and early '90s.

As we downsized the Army in the '90s, funding was sharply curtailed again in fiscal year 1992-1994. The effects of this reduction were hidden as reduced accessions in conjunction with voluntary and involuntary losses were used to reduce the size of the Army. Late in fiscal year 1994, however, we came to you and said that youth awareness and propensity for service had been consistently falling and that we were once again experiencing significant accession concerns. You responded and provided substantial additional recruiting resources. Consequently, the Army achieved both its fiscal year 1994 and fiscal year 1995 accession missions.

Today, the U. S. Army Recruiting Command is also achieving its accession mission of about 70,000 soldiers for fiscal year 1996. The recently released Youth Attitude Tracking Survey (YATS) indicates that the fall in positive youth propensity appears to have been halted largely as a result of our robust national advertising campaign and its funding level. This success is directly tied to your continued prompt support for recruiting of which we are most appreciative.

As the Army emerges from drawdown at the end of fiscal year 1996 and begins to operate at a steady end strength, the enlisted accession requirement increases from the 70,000 range to the 90,000 range as all losses will have to be replaced on a one-for-one basis. The Army is concerned about such a large increase in the required number of annual accessions and we are reviewing potential solutions to both maintain readiness and to provide the correct number of accessions.

The Enlisted Voluntary Early Out Program ended in fiscal year 1995. Between 1989 and 1996, the enlisted force decreased by 238,000 or about 36 percent. Our focus has turned from drawdown toward sustainment. Only a very small number of soldiers (approximately 700) that were specifically disadvantaged by the drawdown will be eligible for any exit benefits in fiscal year

1996. Some reshaping at the MOS and grade detail is all that remains. The fears expressed by many that minorities and women would be disproportionately affected by the drawdown were unfounded. Since the beginning of the drawdown, the percentage of women has risen from 11.2 percent to 13.4 percent and minorities 35 percent to 38 percent.

Trends in retention are returning to their pre-drawdown historical averages for mid and first-term soldiers. Retention rates rose in fiscal year 1993 and fiscal year 1994 as a result of fiscal year 1992 voluntary drawdown programs. Soldiers electing to remain after fiscal year 1992 were more likely to reenlist, which increased the overall rate. Fiscal year 1995 and fiscal year 1996 year-to-date figures have shown retention rates to be at slightly above pre-drawdown levels. However, we are monitoring retention closely because we are very concerned about the cumulative impact of the NCO promotion slowdown (98 percent), Specialist promotion waiver freeze, the significant reduction in the retirement annuity (class of 1980 and 1986) and the PERSTEMPO rate. Although force retention objectives were attained in fiscal year 1995, a soldier's decision to reenlist is very fragile and can change quickly.

Because of shortfalls that we are experiencing in MPA, we have been forced to reduce NCO manning to 98 percent for fiscal year 1996 and fiscal year 1997. This equates to approximately 3,000 fewer NCOs and a slowdown in promotions throughout our top five enlisted grades. Fully funding the enlisted portion of the MPA is very important to readiness, retention and morale.

Officer Issues

Officer Drawdown Update

As of the end of fiscal year 1995, the officer drawdown is close enough to completion where we will be able to achieve our end strength without using involuntary separation programs. The primary focus for the fiscal year 1996 program is end strength and balance of the personnel inventory against force structure. Drawdown program objectives continue to be consistent with both OSD and congressional guidance to maximize voluntary separations, demonstrate care for soldiers and their families, maintain warfighting readiness, and do it all within budget. Fiscal year 1996 officer drawdown programs include voluntary losses only, and include Voluntary Separation

Incentive Program (VSIP), and Voluntary Early Release/Retirement Program (VERRP), and Temporary Early Retirement (TERA). Selective Early Retirement Boards (SERBs) will not be held for the first time in the officer drawdown, nor will Reduction-in-Force (RIF) boards be scheduled.

The fiscal year 1996 VERRP includes basic branch lieutenants separating with 21-36 months active duty and lieutenants/captains with less than 12 months remaining on active duty service obligations, who agree to assignment to Reserve Component units. Also included in the VERRP are Colonels/Lieutenant Colonels with greater than 20 years of service requesting one year time-in-grade waivers (with numbers not exceeding 2% of authorized strength). Some 480 VERRP takers have been identified for fiscal year 1996, across all grades and categories.

The fiscal year 1996 VSIP (either lump sum, i.e., SSB, or annuity, i.e., Voluntary Separation Incentive proper) is limited to basic and special branch Captains/Majors who are once non-selected, along with warrant officers and other special branch officers in selected surplus skills who have not been considered for promotion to the next higher grade. Some 560 VSIP takers have been identified for fiscal year 1996, across all grades and categories.

TERA is targeted toward non-selected Majors and once non-selected Captains with 15 or more years of service, along with Majors and Warrant Officers in selected categories not yet considered for promotion to the next higher grade. Twice non-selected basic branch Majors (440) were not offered selective continuation to 20 years of service for the first time during the drawdown in fiscal year 1996. This policy will continue in fiscal year 1997 and beyond, as management of the field grades to budgeted end strength will hinge to a great extent on retirement of Majors after twice being non-selected to Lieutenant Colonel. Some 835 TERA takers have been identified for fiscal year 1996, across all grades and categories. This authority will continue to be put to good use through the rest of the drawdown.

Officer Accession Programs

Changing Army requirements and increasing lieutenant overproduction to the USAR require a change to the ROTC production mission. Accordingly, the ROTC mission will decrease in small decrements over the next three fiscal years from 4,600 to 3,800, in order to adjust to

changing requirements. Cadet Command was previously missioned to produce 4,600 in fiscal year 1996 through fiscal year 2000; the revised mission lowers the requirement to 4,275 for fiscal year 1996, 4,000 for fiscal year 1997, and 3,800 for fiscal year 1998 through fiscal year 2000. This lower mission was the result of three separate developments: 1) decreased USAR/NG lieutenant requirements; 2) reduced active component end strength requirements; 3) cessation of company grade RIF. The current, fiscal year 1996 USAR production mission continues to reflect ROTC overproduction, in order to honor the commitment to contracted cadets already scheduled for commissioning in fiscal year 1996 (i.e., prior to the fiscal year 1996 mission reduction). It further incorporates a decrease in State and Federal OCS and USAR/ARNG direct commissioning production to compensate for that ROTC overproduction into the USAR.

With respect to warrant officers, we are changing aviation accessions and continuation policy on twice non-selected CW4s, as part of an overall program of reduced accessions and increased career length. Such a reduction would be offset by using liberal selective continuation, and eventually (fiscal year 1998), increased selection rates. The training seats saved via the reduced accessions would in turn be used to provide modernized aircraft training to more experienced, non-modernized, aviators.

We initially examined initiating this decrease in fiscal year 1996 and then continuing over the next 3-4 years. However, after study by the Aviation Center, USAAVNC determined that reducing fiscal year 1996 accessions, canceling Initial Entry Rotary Wing (IRE) classes, and then using savings for modernized transition training was cost ineffective. This would have saved over \$1 million, but the savings would have been more than off set by penalties owed to the maintenance and flight instructor contractors. Consequently, we will continue with the fiscal year 1996 plan of 202 accessions and will reduce fiscal year 1997 warrant officer aviation accessions to 150. Starting in fiscal year 1997, as a result of reduced accessions, 50 additional modernized training seats will be available to retrain non-modernized CW2/CW3 aviation warrant officers.

We will continue to offer selective continuation for two time non-select CW4 modernized aviators starting in fiscal year 1997. Initial projections show only 20-25 warrant officers per year in this category will probably elect to continue. However, the cumulative effect after 3-4 years will be a pool of experienced aviators, still available for cockpit duty. In fiscal year 1998, once the warrant officer drawdown is complete, we will initiate incremental increases to aviation

warrant officer promotion rates, in an additional effort towards lengthening of the average aviation warrant officer career length.

Officer Strength Management Relief from the DOPMA Field Grade Tables

DOPMA relief is a proposal to modify Title 10, United States Code, section 523 to increase the authorized field grade strengths of the services relative to the total number of commissioned officers on active duty. The Army was granted temporary relief of 1,220 additional field grade authorizations (420 Lieutenant Colonels, 800 Majors) through fiscal year 1997.

DOPMA relief is needed because the Army cannot adequately fill its field grade authorizations, given the current grade tables. Field grade requirements have not decreased at the same rate as endstrength. This has caused the average fill of field grade authorizations to drop from the pre-drawdown average of 89% to 84%. A significant reason for this problem is the growth of external/mandated requirements which the Army has little control over, but must fill.

The Office of Management and Budget (OMB) reviewed and approved the Services' requests for DOPMA relief in February 1996. The consolidated OSD packet is expected to reach Congress sometime later this month.

Women in the Army

The Army has made great strides in the assimilation of women. In 1991, at the beginning of the drawdown, women comprised 11.2% of the active Army. Today, women make up 13.4% of the active force. At present, women command 36 Army battalions, and 7 Army brigades. We have 5 female general officers in the Active Army and one promotable Colonel in the Army Reserves. Additionally, over 91% of the Army career fields are open to women. In Bosnia, there are more than 700 women serving in a variety of combat, combat support, and combat service support occupational specialties. A woman commanded one of the engineer bridge companies that spanned the Sava River. Throughout the '90's, females have continually been a great source of high-quality non-prior service accessions. They are almost exclusively high school diploma

graduates, and approximately 70% score in the upper half of the Armed Forces Qualification Test, well exceeding goals. Thus far in 1996, women account for 22% of all recruits. We estimate that we will close the year with over 20%, the highest in the history of the Army.

Jobs previously reserved for males are becoming increasingly accessible to females. In April 1993, the Secretary of Defense announced the opening of combat aviation to women. Subsequently, the Secretary of the Army expanded opportunities for women by opening 9,000 additional positions to include Army combat aviation. We have 36 women in flight training today and 37 already trained. In 1994, application of the new assignment rule opened an additional 32,000 positions Army-wide.

The Army continues to fully integrate women in every career field currently open to women and systematically reviews all positions to open additional opportunities. As of February 1996, the Army completed the coding of all positions now open to women. Today, over 700,000 positions (67%) in the tactical Army are open to women and 140,000 (99.9%) positions in the non-tactical Army are open. At the direction of the Secretary of the Army, we are refining strategies that will ensure integration of women throughout their career and enhance their opportunities to reach strategic leadership positions.

The Secretary of Defense formed a committee of senior leaders from each service to study opportunities for women in each service. I am a member of this committee. We ensure that policies on the assignment of women are applied consistently across the Services. This committee also reviews and reports recommendations to the Secretary of Defense concerning the opportunity for women to serve in additional specialties, parental and family policies, and deployability and pregnancy policies.

Equal Opportunity

The Secretary of the Army has repeatedly said that equal treatment, respect, and trust are values that the men and women in the military take very seriously. The Army remains committed to providing a proactive equal opportunity (EO) program. Our leaders strive to ensure that equal opportunity and fairness are provided for all soldiers and their families irrespective of race, color, religion, sex, or national origin, and to provide an environment free of sexual harassment. EO

initiatives truly do contribute to readiness--they remain critical to assuring positive command climates, strong unit cohesion, and pleasant working environments for soldiers. All soldiers have the right to compete for advancement based upon their individual abilities and merit. Any arbitrary, differential treatment of persons because of their race, color, sex, national origin, or religion is examined and addressed by leaders at all levels.

Leaders continue to work to prevent all forms of discrimination and sexual harassment from occurring, respond adequately and appropriately to all EO complaints, and then work to eliminate discrimination and sexual harassment from the force. These aims are accomplished through the maintenance of successful initiatives in place and the development of new strategies that will maximize the productivity of all men and women.

Pay Raise & BAQ Increase

The President's decision to fund the pay raise at three percent will enhance the quality of life of our soldiers. Pay and benefits continue to be of the highest priority to the Army. The Federal Employees Pay Comparability Act of 1990 requires the use of the Employment Cost Index (ECI) minus one-half of a percentage point for annual pay raises. We must ensure our soldiers have equivalent pay to the civilian sector which will create a more balanced and stable force.

Today's Basic Allowance for Quarters (BAQ) rates, combined with the Variable Housing Allowance (VHA) program, require soldiers to absorb approximately 19.6 percent of their housing costs. Legislation in 1985 restructured the BAQ and VHA rates and Congress envisioned that service members would have an out-of-pocket absorption rate of 15 percent. The Army is committed to reducing the out-of-pocket absorption rate soldiers incur. The increase in BAQ rates resulting from a 3 percent pay raise will reduce the absorption rate to approximately 19.2 percent. This would help defray the cost of housing, allow soldiers to seek better housing, and contribute to a ready force by enhancing morale and retention.

Permanent Change of Station Reimbursement

Permanent Change of Station (PCS) moves are the sum of requirements for accession, separation, training, operational, rotational and unit moves. Reimbursement associated with the cost of a PCS move is of great concern to service members. Recent surveys indicate that 55 percent of enlisted families and 49 percent of officer families were dissatisfied with their compensation for PCS moves. Service members most disadvantaged after a PCS move are the enlisted soldiers, particularly E6 and below, whose overall financial position makes absorbing PCS costs, without reimbursement, a hardship. The average enlisted member absorbs \$500 in out-of-pocket PCS costs. A recent change to PCS entitlements has lessened the burden. That change was the increase of Temporary Lodging Entitlement from four days to ten days. The Department currently has initiatives pending that would partially alleviate the financial burden of PCS moves further. We thank you for your previous concern and look forward to your support in reducing our service members out-of-pocket expenses related to permanent change of station moves.

I am pleased to report significant progress in the area of VHA enhancements. We have been concerned for some time about the quality of housing allowances for our soldiers and the related absorption gap causing increased out-of-pocket housing costs. Your attention on this extremely important issue effected a 5.2% increase in Basic Allowance for Quarters in the fiscal year 1996 Defense Authorization Bill.

Also contained in the Fiscal Year 1996 Defense Authorization Bill was a provision for enactment of the VHA Rate Protection Program. This very important initiative now protects soldiers against an unexpected lowering of VHA rates in a particular area, due only to composite results from an annual survey. Previously, these soldiers would enter into a rental contract based on a particular VHA rate for an area, and then would have the VHA reduced from survey adjustments to the annual program even though the individual's rental payments remained the same. This much needed correction to the current VHA Program now fully safeguards soldiers, particularly the junior enlisted, from an unfair administrative quirk in the system that directly caused financial hardships in high-cost housing areas.

Other issues currently being studied include revamping the BAQ/VHA Recertification System, exploring a hybrid model of a Price-Based Allowance system for determining VHA rates,

and continuing to close the BAQ Absorption Gap. These proposed changes have the potential of improving the current VHA system for years to come.

In summary, we have made great strides together in housing allowance reform, particularly in the area of VHA enhancements, we are continuing to pursue other options to provide an equitable housing allowance to our soldiers. We thank you for your previous cooperation and concern for the welfare of our soldiers, and are looking forward to your support to provide adequate housing allowances for the best Army in America's history.

Retiree COLA

Cost-of-living adjustments for retire pay are an important part of keeping our retirement commitments to our career service members. The 1993 deficit reduction bills, enacted a nine month delay for military retirees' cost-of-living adjustments through 1998. The 1996 National Defense Authorization Bill eased this impact by changing the effective date from September 1 to March 1 in fiscal year 1996 and by providing a contingent alternative date equal to the civil service retiree COLA effective date for fiscal year 1998.

Armed Forces Retirement Homes (AFRH)

The Armed Forces Retirement Homes, located at the United States Soldiers' and Airmen's Home in Washington, D.C. and the United States Naval Home in Gulfport, Mississippi, provide a residence, support activities, and medical care to disabled or indigent veterans and retirees. Today, over 2,200 enlisted residents, primarily from the World War II era, live at the homes. Budget constraints may require us to reduce the number of veterans who can be accepted at the homes to approximately 1,600, a 27% reduction. We are committed to our veterans and have an obligation to continue to provide an adequate, comfortable place for the veterans who have so honorably served our country.

Minimum Income Widows

As of March 1, 1996, 155 Army Minimum Income Widow (MIW) accounts were in a suspended pay status as a result of DFAS-Denver's CY95 audit of these accounts.

The audit uncovered two problems: (1) some surviving spouses who are, indeed, not entitled to the payment; and (2) some surviving spouses who are dropped from the MIW rolls due to the timing of the receipt of the two annuities.

In order to qualify for DoD's MIW SBP (paid only to those widowed prior to the creation of SBP in 1972), the surviving spouse must first be entitled to the VA's Death Pension--the maximum allowable annual income for which is currently \$5,527. However, when the MIW SBP payment is made, depending on the timing of its receipt, stoppage of the VA Death Pension may result.

DoD is actively seeking to coordinate an agreement which allows MIW SBP and Death Pension information to flow between the two agencies to prevent unexpected stops and starts. It is expected that the needed policy change can be accomplished through a memorandum of understanding; but should we need legislative assistance we will report that to you.

Child Care

The Army Child Development Services (CDS) program is a quality of life program which is a direct mission related necessity to an Army that is 65% married with an additional 8% single parents of family units. CDS programs provide child care options designed to reduce the conflict between soldiers' parental responsibilities and their on-the-job- mission requirements. CDS operates child care programs in child development centers (CDC), family child care (FCC) homes in government quarters, and in alternative settings on 131 Army installations worldwide. CDS programs provide full day care, part day care, before and after school care and hourly care for children aged four weeks to 12 years of age. Expansion of CDS programs will take place primarily in FCC homes and through innovative and cooperative initiatives with private and public sector agencies and organizations.

Youth Initiatives

In response to documented increases in youth violence, gang activity, and at-risk behaviors, DoD is promoting increased prevention initiatives for at-risk youth. Army youth programs are addressing problems of youth at risk and contributing to family stability by providing supervised recreation, sports, citizenship, leadership, mentoring, intervention, and life skills programs to eligible youth at and around our installations.

Programs for School-Age Children and Teens are repositioning to provide safe, affordable supervised after-school alternatives for school-age children during parental work hours and to increase teen participation to reduce the incidence of at-risk behaviors. Programs for school-age children and teens include sports, fitness and recreation activities, life skills training such as computer literacy and money management, leadership and apprentice/employment opportunities, and support services such as mentoring and home work centers.

Army Family Support in Operation Joint Endeavor

Army families are a key component of readiness and the Army continues to strongly support family programs. These programs have been instrumental in preparing soldiers and family members for the growing number of deployment, mobilization, contingency, and natural disaster operations. Family programs prepare and support families of deployed soldiers before, during, and after a deployment and are perceived as cost effective force multipliers by commanders and their soldiers.

Army Family Programs include a network of integrated, major support services with a direct impact on soldier readiness. These programs are excellent investments in family well-being, as well as strong recruiting and retention tools. The readiness of our soldiers, support for their family members, and sustainment of quality of life are particularly crucial during times of rapid deployment.

The Army provides a wide range of comprehensive Family Support Programs for deployed soldiers' families. These programs focus on family readiness throughout the deployment cycle (pre-deployment, deployment, and post deployment). Family Assistance Centers (FACs),

family support groups (FSGs), and rear detachment personnel at the installation coordinate support provided to families of deployed soldiers.

United States Army, Europe (USAREUR) activated 21 Family Assistance Centers in support of Operation Joint Endeavor. A FAC is a one-stop central point for information and services for families of deployed soldiers.

In preparation for the Bosnia operation, the United States Army, Europe conducted Family Assistance Center exercises to determine FAC readiness and conducted a 2-day training program for rear detachment personnel to ensure families of deployed soldiers are supported throughout the deployment. Families of deployed soldiers are made aware of available resources through multiple sources. United States Army, Europe also conducted special training to ensure that staff were adequately prepared to support families affected by the deployment. Approximately 270 rear detachment personnel in USAREUR received training on roles, responsibilities, and resources available to assist in supporting families.

The Family Support system established by USAREUR is working well. Approximately 90-95% of the families remained in Baumholder when the soldiers deployed to Bosnia. Families of deployed soldiers are encouraged to participate in the unit Family Support Group, which is a company or battalion affiliated organization of officers, enlisted soldiers, and family members that uses volunteers to provide social and emotional support, outreach services, and information to family members prior to, during and in the immediate aftermath of family separations.

Conclusion

We all care deeply for our soldiers and their family members. Our Army today is the best the world has seen. We must continue to keep the quality of life for our soldiers and their family members as one of our top priorities.

In that regard, I would like to personally thank you for all the support you have given America's soldiers. In particular, all of us in the Army are grateful for your continued support on compensation and quality of life issues. And I would especially like to thank you for your support of military pay initiatives, including this year's 2.4% pay raise and 5.2% BAQ increase, coupled

with the PCS Reimbursement, SDAP Increase and other compensation initiatives that are so vital to the quality of life of our soldiers and their families.

I appreciate the opportunity to appear before the Committee and I will gladly answer any questions you may have.

Mr. DORNAN. Thank you. And of course your whole statement will go in the record. It looks excellent.

Admiral Bowman, your statement, please.

**STATEMENT OF VICE ADM. FRANK L. BOWMAN, CHIEF OF
NAVAL PERSONNEL, DEPARTMENT OF THE NAVY**

Admiral BOWMAN. Thank you, Mr. Chairman, members of the committee. I would also like to thank you for the opportunity to appear before you again today representing our more than 430,000 sailors literally around the world. With your permission, I would also like to submit a separate formal statement for the record. And also with your permission what I would like to do is paraphrase what I intended to do verbally and I will dash through this quickly and provide for the record the specifics.

Mr. DORNAN. For the record it is in its totality.

Admiral BOWMAN. You mentioned, sir, in the previous testimony by the previous panel, about the Navy at sea and sailors being on ships out on the sea. The 0800 report by the Chief of Naval Operations yesterday morning documented that 189 of our 363 ships as of that time yesterday morning were under way.

Mr. DORNAN. How many?

Admiral BOWMAN. There were 189 of the 363, sir.

And I would also note many of those 363 aren't available for service because they are undergoing overhaul and major repairs, so the actual percentage of those available is much higher.

Of that 189, 102 of them were forward deployed for 6-month deployments. Over half of the 189 are out for periods of 6 months.

We really don't expect this pace to slow whatsoever. We are achieving an acceptable aggregate PERSTEMPO, but mostly through the very dedicated hard work and close monitoring by the Chief of Naval Operations himself and holding my feet to the fire and others feet to the fire. I would be more than happy to go into some detail how we are doing this because it defies logic that we are still maintaining our personnel TEMPO rules.

Navy has had for many years the one day away equals 1 day away rule for one of the three measures we use for PERSTEMPO. I would like to discuss that if you are interested.

Mr. DORNAN. We are. Please do.

Admiral BOWMAN. Even with this, I might say, though, I think that the tricks of the trade are about exhausted at this point. I think we have squeezed the last bit of blood from the turnip in making ends meet and making PERSTEMPO requirements match with today's commitments.

I might say that the 395,000 end strength mandated by law was appreciated. I used that now twice already since February 10 in easing some concerns in San Diego 2 weeks ago and then just yesterday with my own chief petty officers at the Bureau of Naval Personnel because the feeling was we were in a free-fall, and this established a ground floor for that free-fall.

Mr. DORNAN. Could I slide in one comment, Admiral? Referring to what Secretary Marsh said about using up. I don't think he was referring to people, although that's what we were discussing, but equipment. If you got 122 ships forward deployed and 189 out there and 174 back with many of them schlepping many forms of

overhaul, just a quick comment about this using up line. Are we burning up equipment?

Admiral BOWMAN. We are taking a toll on especially aircraft and helicopters. We are turning around helicopters much faster than our two-to-one ratio that is required and mandated for people. There is no rule about using the equipment. So we are certainly stretching and stressing, to use Ted Stroup's words, our equipment at this time.

I would also like to discuss a little bit about the expectations of our sailors. Just like all our military members in this country, I think they are proud of being able to accomplish what they are accomplishing in answering the bell. Just as I came over today, I turned on CNN, and I saw two of our carrier battle groups steaming at top speed, one heading for the Arabian Gulf to take care of national commitments there; one replacing another carrier battle group en-route the western specific off Taiwan. A third carrier battle group is stationed east of Taiwan observing the ongoing situation there.

So these sailors are doing what we are asking them to do, and they are doing it with pride. There is no question that what Admiral Smith testified to in terms of it taking its toll with the families is true.

We are challenging our people today to find new answers to some of the old problems. One of the things I'm doing in the bureau in the quality-of-life area is ginning up a concept of home basing, a concept that is a little bit unusual for the Navy forces; but with Admiral Borda's prodding, we are moving as quickly as we can to offering an opportunity for the majority of our sailors to serve a majority of their tours in one place. That's not to say homesteading, that they could stay there or expect to stay there in one place throughout a 20- or 30-year career, but certainly increase the opportunity for them to buy a house, expect their family and children to grow up in the same community like other people—and we are moving in that direction now. I would be happy to discuss that in more detail.

We made a substantial commitment to the quality-of-life issue. We don't want the downsizing which Navy is still in the midst of to cover some of the concerns in quality of life or cover some of the concerns in retention.

We are plowing in some \$2 billion in fiscal year 1997 for all those areas that are considered to be quality of life: Bachelor quarters, family quarters, MWR child care, voluntary education.

Building on the improvements that we got in cooperation with your committee in the 1996 legislation, Navy is also supporting and encouraging some 1997 initiatives that are focused on this quality-of-life area. And at the heart of those initiatives is the authority for approximately 7,000 of our single E-5 Second Class Petty Officers—Sailors stationed aboard ship to receive BAQ and VHA while they are on board those ships.

As you know, with your committee's help and staff's help, we were able to push across that legislation for E-6 Petty Officers this year in fiscal year 1996. I would like to expand that to the E-5's next year, and we are pushing that.

A companion piece of legislation we would encourage is designed to help dual military couples. Today, dual military couples both stationed aboard ship get no quarters allowance because of a quirk in the law. We would like to repair that situation for those dual military couples.

A third initiative would authorize BAQ for sailors who are entitled to—

Mr. DORNAN. If there are children?

Admiral BOWMAN. They do receive BAQ. If a couple is married without children and they are both aboard ship, they get no BAQ and VHA, and yet they still have stuff to put away someplace. They still have a lease, a house out there.

A third legislative initiative would authorize BAQ for single sailors who report to their home port to find that their ship has deployed. Another quirk in the law says that if that ship is gone, and the sailor gets there after the ship is gone newly reporting on board, he or she would get no BAQ or VHA during the period of that deployment until the ship returns home. Sometimes that's up to six months. Once again, here is a single sailor with furniture, with household goods to store, and receiving no quarter allowance to do that. We would like to fix that also.

We are looking very hard at our MWR monies, the appropriated fund monies being poured into MWR this year. You will see substantial improvement over the Navy's track record in the past which has not been very good. We have made steady progress over the past couple of years in improving this area, and I think you will even see more this year.

We are also moving towards substantial improvements in ship-board quality of life for our sailors which would include the proper sports and recreation equipment, library facilities, and leisure reading facilities on board our ships.

Voluntary education, we are moving with the Marine Corps to consolidate our approach for tuition assistance. In the past, the Navy had one method of payment for tuition assistance, Marine Corps another. We are coming together with the Marines and adopting the Marine Corps way of doing this, which frankly will be much cheaper out-of-pocket expenses for our sailors who are interested in continuing their education.

Although our primary focus has been on the future, I appreciate and echo what Ted Stroup said earlier working with your staff and with your committee members on recognizing and supporting our commitments made to those who have served in the past.

A great many veterans of all our services who have completed that dedicated service over the years have come to count on retirement benefits in exchange for real sacrifices they endured while in the service. These men and women are oft times counting on this minimal level of retired duty compensation, and I think we owe it to them to continue, as we did with your committee this last year, to make good on those commitments that we made to them.

Retired pay is an integral part of this commitment to both active duty and retired service members. I might add that in our discussions with the fleet, frequently that issue comes up, is the commitment really there for our lives after we retire from the service?

I think the consistent fair cost of living allowances are vitally important to our former service members in maintaining an equitable standard of living. With respect to medical benefits keeping faith with our retired service members requires that same vigilance on our part, and I pledge to give you my vigilance.

I fully support the ongoing cooperative effort between DOD and Health and Human Services to determine if Medicare participation is feasible. I think keeping faith with those retirees isn't just the right thing to do, it's really honestly critical to our future retention and recruiting effort.

Mr. Chairman, I will be glad to pass the rest of my statement over for entry into the record, with your permission, sir.

[The prepared statement of Admiral Bowman follows:]

NOT FOR PUBLICATION UNTIL RELEASED BY
THE COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

STATEMENT OF
VICE ADMIRAL F. L. BOWMAN, U. S. NAVY
CHIEF OF NAVAL PERSONNEL
BEFORE THE
SUBCOMMITTEE ON PERSONNEL
OF THE
SENATE ARMED SERVICES COMMITTEE
ON
MANPOWER AND PERSONNEL
(FY97 POSTURE STATEMENT)
20 MARCH 1996

NOT FOR PUBLICATION UNTIL RELEASED BY
THE COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

I. INTRODUCTION

Mr. Chairman, members of the subcommittee, thank you for the opportunity to return to discuss significant issues of critical importance to the Navy's Manpower and Personnel Program for Fiscal Year 1997 (FY97).

By virtue of their unwavering dedication to maintaining the freedoms we hold so dear, our people have a right to expect our absolute commitment to the very best resources available. Despite diminishing budgets, our commitment must include providing Navy members with the latest in technological capabilities, as well as ensuring their quality of life through fair compensation and entitlements throughout active service and retirement. We must guarantee our serving forces their constitutional freedoms to live in an environment free from harassment or discrimination and to enjoy equal opportunities to excel. We must also honor our promises to those Sailors who have retired after years of dedicated service to our Navy and our country.

I am pleased to say that we are succeeding. We recognize and deeply appreciate your efforts in helping us fulfill our important commitment to the outstanding men and women who wear, and have worn, the Navy uniform.

II. FOCUS ON THE FUTURE

Our biggest challenge continues to be getting the right people with the right skills for the right job at the right times. That has been the mission of BUPERS since it was established as the Bureau of Ships and Navigation 134 years ago, and it will remain our mission into the future.

Though the mission hasn't changed, the resources we have available to meet the mission have changed. We have fewer dollars, fewer people, fewer potential recruits. So, if we're to continue providing the high-quality, highly skilled naval force our Nation needs and expects, we'll have to find better, smarter, cheaper, and faster ways to get the job done. And that's where our team is concentrating its energy and effort this year: on increasing efficiency while maintaining readiness and quality of life. It's a tall order, but we've laid such a solid foundation and built so much momentum over the last 18 months that reaching the goal is clearly within our grasp.

Today, more than ever, we are challenging our people to find new answers to old problems. This means looking beyond old paradigms and being innovative in our thinking. It means a fundamental change in the way we do business. As the world and our Navy change, we continue to take a hard look at our current and future manpower requirements and at our inventory management.

As part of CNO's "Smart Ship" initiative, we're reviewing how we can better manage our limited resources by optimizing manpower requirements. Our goal is to reduce workload and cut manpower costs by investing in existing technologies and capitalizing on improved engineering, training techniques and maintenance procedures. We're also considering a variety of policy changes that will provide more and better support to the crew.

We are continuing to merge skill ratings and Navy Enlisted Classification (NEC) codes, which simultaneously eliminates outmoded job specialties while consolidating the scope of others. This is a major step toward capitalizing on the diversity of skills, in our effort to accomplish more with fewer resources to improve our readiness and demonstrate to our enlisted people that we recognize their expertise.

One of the more significant steps we're taking with respect to our assignment process is encouraging "homebasing" -- doing the maximum number of tours possible in the same geographic location. For Sailors and their families, this will aid in decreasing some of the personnel turbulence associated with military life. We also believe homebasing will add stability, improve retention, increase expertise, and save money. A perfect example of "better, smarter, cheaper."

We are committed to improving the way we do business in collecting and processing personnel information. We are reviewing development alternatives to integrate active and Reserve personnel source data collection in the field under the Navy Standard Integrated Personnel System (NSIPS) concept. A significant by-product of integrated data collection is an improved capability to mobilize our Reserve forces to meet global needs. NSIPS will give our active and Reserve forces local access to personnel and pay data; use of the same software application ashore, afloat and overseas; and increased flexibility to incorporate changing functional requirements as our Navy moves into the future.

The overall goal is to grow a more senior and experienced force to reduce our recruiting burden and stockpile needed skills and experience. There are significant benefits to be gained from a more mature, technically-qualified force: savings in training costs, fewer discipline problems, heightened readiness. The up-front manpower costs (for salaries) will be higher, but the net cost (improved readiness, lower recruiting expenses, less training infrastructure) will more than offset the investment.

III. QUALITY OF LIFE PROGRAMS

Retention in the Navy is essential to ensuring Navy readiness, and satisfaction with Quality of Life is key in our Sailors' career decisions.

We are currently pursuing initiatives in a number of Quality of Life areas to ensure we are doing all we can to attract and retain the highest caliber of people. These initiatives are primarily focused on three critical areas which Secretary Perry has committed to improving, across the Services: housing, compensation, and community and family support. It is a far-reaching effort which will favorably impact virtually all Quality of Life areas, including: Basic Allowance for Quarters; Cost of Living Allowance for high cost areas; housing; child care; family abuse prevention and protection programs; and Morale, Welfare and Recreation.

HOUSING

Quality bachelor and family housing remain a central focus of our program. We are working toward the goal of ensuring that all of our Sailors and their families are adequately housed in comfortable, safe quarters. Key to this effort is our shifting reliance

on private sector housing for families and bachelors in pay grades E7 and above. Our aggressive housing referral program offers comprehensive listings of available community housing to help Sailors and their families transition into their new communities.

Navy's "Neighborhoods of Excellence" (NOE) program provides long term vision and goals for bringing Navy housing up to modern standards. Under this framework, Navy is systematically correcting its backlog of maintenance and repairs through revitalization and replacement, as well as by establishing and funding appropriate investment levels. New construction of family housing is sought only when community assets are either unavailable or unaffordable.

Funding levels for our NOE program have been sustained during FY97 through FY01 at levels of about \$1.2B per year for family housing and \$423M per year for bachelor quarters, despite continued overall constraints applied to Navy budgets. Our current maintenance backlog reduction program is in place but will not be fully achieved for nine years. It will take us until FY04 and FY05 to bring both our bachelor and family housing units to a satisfactory state of repair at current funding levels. We will replace over 3,400 units that are beyond economic repair. Bachelor Quarters construction, targeted toward major Fleet concentration areas, is building toward a capacity to house over 125,000 transient and permanent party personnel.

We are aggressively working innovative solutions to military housing problems by using private sector funding to leverage appropriated dollars under the new authorities provided in last year's Authorization Act. We expect that this new approach will accelerate progress toward our goals with the same appropriated funding levels. During FY96, we will break ground on our first projects at Corpus Christi/Ingleside/Kingsville, Texas, and Everett, Washington. These projects were initiated under the limited partnerships authority provided in the FY95 Authorization Act.

The Naples overseas housing initiative is well underway. We have received Congressional approval to award a lease-construct contract for a Family Support Complex to provide safe and upgraded housing, schools, community facilities, and a reliable supply of potable water. I ask for your continued support to complete this especially important Quality of Life program.

Our continuing goal is to ensure that all Sailors whether single or married, ashore or at sea enjoy an equitable level of quality housing.

COMPENSATION

Building on improvements authorized in FY96 legislation (such as E6 BAQ/VHA for shipboard single Sailors, VHA rate protection, continuous Career Sea Pay for tender crews, and re-entitling our geographic bachelor Sailors to Family Separation Allowance), Navy is proposing a FY97 legislative agenda, again focused on improving Quality of Life for our Sailors at sea. At the heart of our FY97 initiatives is authority for approximately 7,000 shipboard, single petty officers second class (E5s) to obtain either available quarters ashore or, when barracks are full, to receive housing allowances. This is a major

Quality of Life improvement designed to promote both the readiness of our force and the retention of our first-term E5s, as the goal to occupy quarters ashore becomes a first-term possibility vice a second- or third-term option.

A companion BAQ initiative is designed to help joint military couples (without children) below the paygrade of E5, who are serving on simultaneous shipboard sea duty tours. Under the current law, both members are denied any housing allowances. Navy policy currently allows one member to remain ashore to retain some housing allowances for fiscal solvency. This initiative, while not recognizing dependency status of either, would entitle the senior member of the couple to one BAQ. This would enable both members to pursue career-enhancing sea duty without risk of financial loss.

A third initiative would repeal the 1973 portion of the BAQ law that denies BAQ to single E6s and above who meet a ship on deployment and whose new homeport is different from their previous duty station. They are currently forced to place their household goods in storage and are denied the opportunity to effectively use permissive house hunting/PCS leave to secure housing at the new homeport prior to meeting the ship on deployment. Our proposal would entitle these petty officers to BAQ upon reporting aboard ship, without regard to the ship's deployed status (as is currently done for married Sailors).

Rounding out the FY97 Omnibus Bill personnel proposals are a myriad of low- or no-cost, jointly supported, compensation issues. These, when combined with ongoing Secretary of Defense Quality of Life FY97 funding and a projected 3 percent FY97 annual pay raise, would allow Navy's total compensation package to remain competitive with the private sector. Our goal is simple: competitive compensation to sustain high levels of readiness, retention, recruiting, and morale.

COMMUNITY & FAMILY SUPPORT PROGRAMS

Morale, Welfare, and Recreation (MWR)

MWR has received a great deal of attention in the past few years because of its importance to the retention of quality people. We intend to build on this momentum in FY97 as we improve our capabilities in several key areas.

Nonappropriated Fund (NAF) Construction: The Navy has made steady progress in easing dependence on NAF for mission essential MWR operations. This has released NAF for construction initiatives, primarily local renovations and repairs. Although we did not realize robust growth in NAF major construction over the past three years, we have laid out a detailed plan to re-energize our NAF major construction program in FY97 and the outyears. The FY97 NAF major construction program for MWR will reflect a significant increase and show Navy's strong commitment to re-emphasize major construction projects and steadily improve facilities.

Shipboard MWR Programs: The challenges to our Sailors are greater than ever before. The number of active ships has decreased while our commitments around the world have not. We have undertaken an important initiative to improve shipboard Quality

of Life by providing three leisure-time activities for our shipboard personnel. Funding for shipboard equipment to enhance physical fitness, leisure reading, and sports and recreation opportunities will be provided to every Navy ship, starting in October 1996. We expect to spend about \$22.5M in FY97 to provide each ship with a Library Multimedia Resource Center (LMRC), a computerized library system; high-quality exercise equipment; and an adequate supply of sports and recreation gear.

Youth Recreation: Our Navy families depend greatly on the wholesome recreation activities that we provide for family members, especially children and teens. In an innovative program to reach out to this group, we have provided computer packages to every Youth Recreation program in the Navy. A total of 341 computers, associated hardware and software such as CD ROM, printers, and software packages have been supplied. Additionally, volunteers will tutor youth in academic and computer skills. A standardized Navy-wide youth sponsorship program, similar to active-duty programs, is under development. The program will take advantage of the Internet by providing a home-page for youngsters to exchange information about their communities and to communicate directly with each other.

Child Care: In an effort to expand the availability of child care, Navy began a successful pilot program to test the impact of subsidizing family child care with good success, particularly in the Puget Sound area. We are also testing the feasibility of outsourcing child care spaces in off-base commercial child care centers in Fleet concentration areas. If these programs result in additional, affordable child-care spaces we will expand them to increase Navy's ability to meet the DOD goal of 65 percent of potential need.

Club Programs: Navy clubs continue to improve operationally and are now a significant source of financial support for other MWR programs. In addition, recognizing the changing needs of the Navy, our club program has initiated several programs to deglamorize alcohol consumption by Sailors. Our clubs have adopted alcohol patron awareness programs, and we require that all alcoholic beverage servers be trained at least annually in proper and responsible alcoholic beverage service procedures. We have increased emphasis on food-service initiatives vice alcoholic beverages.

Family Service Centers (FSCs)

The Navy's 74 Family Service Centers are an important source of support for Navy active-duty and Reserve personnel and their families. Navy FSCs also support personnel from other Services assigned at or near Navy installations. At overseas locations, FSCs support General Schedule (GS) civilians and their families. Additionally, FSCs serve an increasing number of Navy retirees and their families. FSCs are normally staffed by a combination of active military, retired military, and civilian personnel (such as social workers, educators and other program specialists), who serve over 5 million client contacts annually. They also have provided extensive support during natural disasters like Hurricane Andrew, and national crises like Operation **RESTORE HOPE** in Haiti and the evacuation of Guantanamo Bay, Cuba.

FSCs provide a wide range of programs to enhance the Quality of Life for single and married Sailors and their families. These programs can be subdivided into three broad

categories: information and referral services, educational classes, and counseling services. These categories encompass diverse programs, including family education; individual, marital, family and group counseling; mobilization and deployment support/ombudsmen; relocation assistance; outreach/command representative; family advocacy; exceptional family member; spouse employment assistance; transition assistance management; personal financial management; volunteer programs; and crisis response.

These programs help prevent abusive conduct, assist in solving personal problems, support the professional stability of active-duty service members, and promote strong family units. They also foster a strong sense of community, especially important to families arriving at a new duty station. Family Service Centers are indeed vital to the morale, health, and welfare of Sailors and their families. These important "family readiness" programs contribute strongly to the Navy's mission accomplishment.

Transition Assistance Program (TAP)

The DOD Transition Assistance Program (TAP) has come under close scrutiny by both the House Appropriations Committee (HAC) and the Senate Appropriations Committee (SAC). The report released from the joint conference committee indicated that Congress would "... provide \$49,300,000 for the Transition Assistance Program ... for FY96. However, the conferees are concerned that these programs have become permanent entities, even though they were initiated to provide service members and their families with separation ... assistance resulting from the drawdown."

Further the report "... direct(ed) the Department to report to the Defense Committees no later than March 1, 1996, on phasing out these programs, and what, if any residual level of continued researching is required."

This language is based on the assumption that the Transition Assistance Program (TAP) was initiated to assist service members only during the drawdown. However, Public Law 101-510 established three *permanent* transition services: pre-separation counseling, employment assistance, and relocation assistance for service members stationed overseas. Congressman Montgomery, who was instrumental in the design and enactment of the original legislation, has written that "Congressional expectation and intent were that the services provided under the Transition Assistance Program (TAP) would be permanently available to service members leaving military service." He noted that TAP was implemented on a pilot basis before the drawdown was even dreamed of. TAP was not then, and should not now be, perceived as a temporary program.

The Navy is committed to taking care of its own. Our transition program accomplishes this goal and, in addition to honoring our commitment to those who are departing the Navy after years of faithful service, serves as an invaluable recruitment and retention tool. We provide transition services annually to over 100,000 service members and their families, as well as to civilians affected by Base Realignment and Closure (BRAC). DOD is the sole source of funding for TAP, and it is imperative that this vital program remain viable. I ask for your support to ensure continued funding of this important and necessary program.

Family Advocacy Program (FAP)

The Family Advocacy Program (FAP) is an essential Quality of Life Program that addresses social problems of Navy families. FAP services are provided through stand-alone FAP Centers, Family Service Centers (FSCs), and Medical Treatment Facilities (MTF). These services include prevention, identification, education/treatment, follow-up, and reporting of child physical abuse/neglect, child sexual abuse, and spouse abuse. The intervention focuses on both the victim(s) and the offender. FAP has 16 trained regional teams who respond to complex child sexual abuse cases. With continued Congressional interest and support, we will be able to continue FY95 initiatives. Increased funding improved our child abuse prevention efforts by increasing New Parent Support services to over 40 installations worldwide. Further, it enabled us to provide support for victims of spouse abuse, along with increased clinical support services, thereby reducing caseloads per counselor to manageable levels. In addition, FAP is piloting a comprehensive risk assessment model that will significantly improve our ability to manage and evaluate cases, as well as ensure greater safety for victims. We recently updated Navy policies to intensify leadership involvement and service member accountability, enhance victim safety and support, and clarify investigation guidelines, legal review, and reporting procedures.

Relocation Assistance Program (RAP)

The Relocation Assistance Program is one of the Family Service Center's core programs and is an entitlement to active-duty service members and their families. The program provides relocation planning assistance, accurate community information, change and stress management, financial preparedness, education on the military relocation process, and emergency services to all members of the Navy Family. The end result is Sailors and families prepared to tackle an often complex relocation process with enhanced information and skills for self-sufficiency. An interactive automated information system, SITES (Standard Installation Topic Exchange Service), assists service members and their families in relocation planning. Updated quarterly, SITES contains referral information (phone numbers, points of contact, addresses) and descriptive information that help develop realistic expectations about a new assignment and its location. Topics include information about the new installation, surrounding community, area employment, education, community support services, climate, geography, cost of living, and legal assistance.

The Navy's RAP goals are designed to ensure relocation decisions are based on timely, accurate information, as well as to encourage families to recognize and take advantage of opportunities for personal growth and development offered by the military lifestyle. Building adaptation skills, reducing relocation stress, and helping transferees and their families take charge of their move contribute to family Quality of Life as well as Navy readiness.

Sexual Assault Victim Intervention (SAVI) Program

According to the FBI, a sexual assault is reported every five minutes in the U.S. And those are only the cases actually reported: it is estimated that as many as 50-90 percent of all sexual assaults are never reported. Navy shares this difficult problem with our

civilian neighbors. Sexual assault is a serious concern to us all. To address this issue, Navy established the Sexual Assault Victim Intervention (SAVI) Program. There are currently 28 SAVI Program Coordinator positions at Family Service Centers in overseas, isolated, and high Fleet-concentration areas. In order to provide adequate coverage Navy-wide, we envision at least 67 positions. The program's goal is to reduce the number of Navy sexual assault incidents by providing awareness and prevention education, victim advocacy and intervention, and collection of reliable data. The SAVI program will help us respond appropriately when incidents occur, make sure we have the information to know just how serious the problem is, and adjust our education, training, and counseling as we work toward eliminating this crime from our installations and ships.

The SAVI Program has marginal dedicated funding to maintain the program at the current level. Therefore, I ask for your support for this important Quality of Life program. It is clearly a worthwhile effort.

Voluntary Education (VOLED)

Our experience, as evidenced by the most recent educational data, is that Sailors continue to pursue further education in significant numbers. Just over 85,000 Sailors participated in Navy's VOLED Programs last year. Clearly, the opportunity to continue one's education remains a key factor in recruiting, spearheaded by the Montgomery GI Bill (MGIB). About 95 percent of Navy recruits accept enrollment in the MGIB; at the same time they are introduced to opportunities to continue their education while in the military.

One of the most important elements of the VOLED program is Tuition Assistance (TA). TA is used primarily by enlisted personnel seeking their first college degree. Between 42,000 to 43,000 Sailors (or about one in every four stationed ashore) rely on TA to help defray the costs of college tuition. The number of participants is not decreasing despite downsizing. On 1 October 1996, the Navy will implement a new TA policy which, instead of limiting reimbursement for the cost of individual courses, caps the total amount of TA a Sailor can receive each year (\$2,500 annually for undergraduate and \$3,500 for graduate courses). This will reduce our out-of-pocket costs for Sailors and make a greater number of institutions affordable.

Many Sailors assigned to afloat units are unable to take advantage of TA. For these individuals, Navy's unique Program for Afloat College Education (PACE) provides an important educational opportunity. All surface ships and submarines will be outfitted with PACE within the year. This effort will be accomplished with a fully outsourced, consolidated contract. During FY95, almost 30,000 deployed Sailors participated in PACE either through instructor delivered or electronically delivered courses all potentially leading to a college degree. We expect this program to grow substantially in the months ahead, and view it as a truly significant milestone in increasing educational access throughout the Fleet.

At the same time, Navy is working aggressively to reach Sailors who will benefit from improving their fundamental academic skills in English, basic mathematics, and writing. In support of this endeavor, a new contract will be awarded this year, establishing a total of 52 Academic Skills Learning Centers worldwide. Pilot efforts at two Navy sites have produced impressive results. Some Sailors, having completed the program, felt confident

enough to start college-level courses for the first time. Others raised their ASVAB scores so significantly that they were able to qualify for Navy ratings they were previously ineligible to enter. Additionally, these academic skills programs, on CD-ROM, are being made available to all ships as a part of the PACE system, so that deployed Sailors can take advantage of these programs as well.

Navy, in cooperation with the civilian academic community, is also emphasizing the opportunities to complete a college degree (either two- or four-year) through the Service-member's Opportunity Colleges, Navy (SOCNAV). This consortium of 63 colleges and universities gives college credit for military training, and guarantees transferability of course credits from one SOCNAV college to another.

Technological advances now enable us to provide educational access to Sailors anywhere in the world. An important investment for our Sailors, these initiatives are critical for the development of a strong force and will ensure quality recruitment and retention.

Chaplain Corps Programs

Navy chaplains provide for the religious and spiritual needs of deployed Sailors and Marines worldwide; they extend pastoral care to family members who remain at home; and they offer professional assistance (including confidentiality) to all. They are a mission-essential key to readiness linking service members, their families, and support services throughout the world including Family Service Centers, Family Advocacy, American Red Cross, and the Navy-Marine Corps Relief Society. Our clergy in uniform are a key resource in helping the Navy keep its commitment to the highest standards of moral character, ethical behavior, and spiritual fitness. The specialized ministries of Navy chaplains are integral to the readiness, health, and well-being of our Sailors, Marines and their families.

IV. AN ENVIRONMENT OF EXCELLENCE

Achieving an environment of excellence can only be accomplished with the commitment of each and every member of the team. It is not easy to do, but it is an absolutely critical goal.

At the heart of reaching this goal is ensuring equal opportunity for all members of our Navy family. Discrimination and sexual harassment are clearly contrary to good order and discipline and cannot be tolerated. While we have not yet reached 100 percent success in this area, as evidenced by a few regrettable and widely publicized incidents, we have made significant strides towards achieving a Navy-wide climate free from discrimination and harassment. We are fully committed to ensuring that every member of our Navy is able to contribute to his or her fullest potential in an atmosphere of respect and dignity.

ALCOHOL ABUSE PREVENTION AND TREATMENT

Alcohol abuse continues to be a significant factor underlying behavioral, safety, and health problems in the Navy. With the transfer on 1 July 1995 of alcohol abuse and

alcoholism treatment to the Bureau of Medicine and Surgery, Bureau of Naval Personnel emphasis shifted away from treatment and correction of abuse to alcohol abuse *prevention* and the *deglamorization* of alcohol.

In December 1995, the Secretary of the Navy approved, in concept, a new Navy Department alcohol abuse prevention and deglamorization campaign. The Navy component is called "The Right Spirit." The campaign, managed from the Navy Drug and Alcohol Program Office of the Bureau of Naval Personnel, is an enhanced and renewed leadership effort to prevent alcohol abuse in the Navy.

The goals of the campaign, targeting everyone from seaman to admiral, are to change perceptions that drinking is central to the Navy's traditions, lifestyles, and values, as well as to reduce all alcohol abuse. The campaign integrates the Navy's core values of honor, courage, and commitment. Themes of personal, shipmate, command, and leadership responsibility will be reinforced. The campaign emphasizes the responsible use of alcohol for those who choose to drink, as well as support for those who choose not to drink. Also key to this effort are identification of alcohol abusers, immediate imposition of consequences for alcohol abusers, additional comprehensive education and training for all hands, and referral of abusers for appropriate educational and treatment programs. An ongoing task force will also examine existing policies and recommend new strategies for prevention, education, and treatment.

SEXUAL HARASSMENT PREVENTION

In the area of sexual harassment prevention, the data continue to be encouraging. Despite highly publicized media reports on recent specific cases, overall improvement continues. I've recently discussed Navy's programs with the Congressional Women's Caucus and do so frequently with our two personnel oversight committees. There are no secrets. I brief the oversight committees on new policies as they are unfolding along with specific incidents of non-compliance with our standards.

We recently mailed the latest edition of our biennial Navy Equal Opportunity Sexual Harassment (NEOSH) Survey to 11,000 active-duty personnel. This important tool enables us to measure our progress in eliminating sexual harassment. Since we first surveyed Navy personnel in 1989, we've seen a positive trend overall. Survey results indicate that our people believe that Navy is committed to a proactive stance based on effective training, good leadership, and preventive measures.

In early FY96, CNO directed a Navy-wide standdown to reinforce good order and discipline. The centerpiece of the standdown was our concept of "Preventive Maintenance for People," which emphasizes that time and effort are better spent on the front end, helping people do the right thing, than on punishing them after they do the wrong thing. And we encouraged Navy leaders to actively seek out problem areas, by using the Command Assessment Program (CAP) survey. The CAP survey is computerized and very user friendly, providing useful data almost instantaneously. This allows commanders and command master chiefs to take action right away, keep shipmates out of trouble, keep others from getting hurt, and to help all our Sailors gain the success they joined our Navy to achieve.

Over a year ago, Navy implemented a comprehensive complaint form for handling equal opportunity/sexual harassment complaints. Required timeliness, mandatory appointment of an advocate, feedback to the complainant, investigation requirements, and appeals processes are spelled out clearly and succinctly. CNO requires commands to report both formal and informal discrimination and sexual harassment complaints that cannot be resolved within 14 days. A follow-on report is required every 14 days until the complaint is either resolved at the command or referred to court-martial. Initial feedback from all levels of the chain of command indicates that the new process has simplified and enhanced the timely resolution of complaints.

The Navy's 1-800 Line for Sexual Harassment Advice and Counseling continues to provide valuable information to our personnel. The majority of more than 2,500 calls received thus far have requested policy guidance, while about 25 percent of the callers have sought and received advice on how to resolve specific instances of sexual harassment. Assistance provided is confidential and available to all within the Navy Department: uniformed, civilian and family members.

EQUAL OPPORTUNITY

In 1995 we also completed a top-to-bottom review of Navy Equal Opportunity. An Equal Opportunity Review Task Force (EORTF) (comprised of representatives from throughout the Fleet) recommended 26 initiatives, which we are implementing. They are the steps for ensuring that the Equal Opportunity message is widespread and institutionalized in the Navy's day-to-day business. Based on EORTF recommendations, we have a rejuvenated definition of Equal Opportunity in the Navy: *Fair and equitable treatment of all hands by all hands at all times*. The focus now is on preventive maintenance, vice damage control.

EORTF recommendations fell into five principal areas: leadership; mainstreaming Equal Opportunity; emphasizing the existing Command Managed Equal Opportunity (CMEO) Program; incorporating Equal Opportunity into training provided in the Leadership Continuum; and developing a Mentoring Cycle.

Central to this effort is the concept of accountability: the responsibility of the unit commander to identify trends and prevent problems before they occur. We are helping our commanding officers do this "preventive maintenance for people" through the Command Assessment Program (CAP), a user-friendly, automated data gathering system that facilitates monitoring an individual command's climate and rapidly identifies problem areas requiring immediate attention.

Our strong, unrelenting efforts in this area are based on the idea that, in addition to simply being the right thing to do, an environment that unlocks the full potential of every Sailor is absolutely vital to readiness. We must continually ensure that every one of our uniformed and civilian team members is treated with dignity and respect to create the esprit de corps so necessary to carry out our mission successfully.

V. THE RECRUITING CHALLENGE

FY95 proved to be a challenging year for all Service recruiting. Results from the 1994 Youth Attitude Tracking Study (YATS) confirmed that the overall 16-21 year old propensity to join the military continued to decline. In 1995 YATS registered a small but significant reversal in (male) youth to join the Navy. This is the first positive movement in five years which we attribute to Navy's 1994 and 1995 national advertising campaigns.

This challenging recruiting environment is reflected in recruiter workload and perception of quality of life. Based on a 1994 DOD study, over half of Navy's recruiters feel their goals are unachievable. Almost half say they work more than 60 hours a week. While two-thirds of Navy recruiters feel they are learning valuable skills as a recruiter, almost half (45 percent) are generally dissatisfied and most (74 percent) say they would not want a follow-on tour in recruiting. These results parallel the other Services' and underscore the tough challenges our recruiters face today and will face in coming years.

Despite these challenges, FY95 was a recruiting success: Navy Recruiting Command achieved 100 percent of enlisted accession goal of 48,637, while achieving all quality goals (including no accessions from the category IV test category). At the same time, significant progress was made in recruiting minorities and women, not only in raw numbers and percentages but in placing these people in technical and non-traditional ratings. Minority representation this year will be the most representative in Navy's history.

In FY95, over 19 percent of all accessions were women, virtually eliminating gender barriers. FY95 was a challenging, yet successful year in officer recruiting as well. Overall goals were met in both quantity and quality. Gains were made in increasing minority representation across all officer categories and in making many program goals, which were significantly higher than last year's.

Some aspects of the FY95 recruiting year were less successful than others. Although Navy recruiters produced 1,000 (2 percent) more new contracts than the previous year, only 89 percent of our FY95 Delayed Entry Program (DEP) contract target was met. The impact: we started FY96 with 37 percent of accession mission in DEP -- 3,000 contracts less than desired (and about the same point we started in FY95). As a result, to continue meeting accession requirements Navy must rely heavily on recruiting from the tough direct market and finding enough qualified prospects willing to start active duty immediately. This is a particular concern for FY96, where annual accession requirements are increased 23 percent over FY95.

In addition to a sizable increase in accession mission to meet Navy end-strength requirements, school quotas across a number of technical ratings have been expanded for both men and women. In FY96, it will not be enough to simply make the numbers. We must put the right people in the right programs and make the best use of available technical training.

To meet the recruiting challenge in FY96 and beyond, we are focusing on several major initiatives to improve the recruiting process. First, we are increasing our recruiter force by 8 percent in FY96 to improve recruiter workload, facilitate meeting this year's higher accession mission, and position us to build up our DEP. These recruiters will be

the best trained, best equipped, and best supported recruiters in the history of the All-Volunteer Force.

In FY95, Congress, DOD, and DON responded to increased challenges in recruiting by augmenting Navy's advertising budget to support a national TV and radio campaign. Navy College Funds were approved and recruiter authorization was increased by 11 percent. In FY96, Navy's \$40 million advertising program will create Navy awareness and generate leads. Based on new recruit survey results, our advertising program has worked. We have observed a 20 percent increase in awareness of national media (radio and TV), a 21 percent increase in influence from TV (new recruits said their decision to join the Navy was influenced), almost 15 percent increase in the number of leads generated by local and national media, and over 11,880 new contracts directly linked to an advertising program generated lead source (8.4 percent increase over last year).

To stay competitive in the recruiting environment, we must become a world-class marketing leader not by working harder, but by working smarter through better use of technology. This year and next, we hope to put a computer on every recruiter's desk with state-of-the-art office automation and prospecting software. In FY96, Navy will be recruiting on the Internet, calling and tracking potential applicants by computer, downloading leads from the national telemarketing center, creating CD-ROM multimedia sales presentations, processing leads from local and national sources in real time, and developing "virtual recruiters" (community leaders, school teachers, other influencers) as a force multiplier to our recruiting force.

For the long term, we must maintain the DOD and Congressional commitment to the strong and adequately resourced recruiting program that we have enjoyed recently. This includes recruiters, support budgets, and personnel, as well as continuation of incentive programs such as the Montgomery GI Bill and the Navy College Fund. With this support and a sustained level of advertising, the Navy will build a market position and continue to attract sufficient numbers of high-quality young Americans willing to serve their country.

VI. SHAPING THE FORCE OF THE FUTURE

Enlisted Personnel/Programs

At the end of FY96, after a reduction of 10,000 Sailors during the year, Navy's drawdown will be 85 percent complete. Our focus shifted last year to retention, as evidenced by the force-shaping tools we are now using. We have discontinued the enlisted Selective Early Retirement (SER). This year is our final offering of the enlisted Voluntary Separation Incentive and Special Separation Benefit (VSI/SSB) program, which targeted only 294 Sailors in FY96 in over manned or disestablished ratings. In FY93 and FY94, we were forced to deny reenlistment to over 2,500 otherwise qualified Sailors who wanted to enter the career force in over manned ratings. This year, we will deny reenlistment to less than 50 who are unwilling to transfer to, or are unqualified for, other ratings. Selective Reenlistment Bonus (SRB) continues to be a critical tool for retaining first- and second-term Sailors in specific ratings and will be used to meet our long-term retention requirements.

Although we are emphasizing first-term retention, 15-year retirement (TERA) is still an important part of our force-shaping strategy. In FY95, almost 4,000 Sailors opted for early retirement, and we expect about 4,300 this year. We still have ratings over manned by personnel with 15 to 20 years of service, and TERA is a cost-effective, voluntary program that is very useful for downsizing particular skill areas. As we emphasize first-term retention, we need to continue paring the force in some skill areas to ensure that we can recruit to our other ratings without exceeding end-strength requirements.

We focused a lot of attention in FY95 on attrition. Beginning at Recruit Training Command, we initiated thorough reviews of medical and psychological screening processes, and of our recruiting and drug policies. We believe new programs that focus more on helping the individual achieve success will drive the attrition numbers down. Attrition from initial skill training has declined significantly since 1990. New instructional programs have been developed and are in place to improve academic performance and technical competence. Fleet attrition has been relatively stable over the past several years. Most of the losses experienced in FY95 were due to medical reasons, commission of a serious offense, or drug-related problems. Improved opportunities for training and renewed emphasis on leadership are expected to reduce losses by about 6 percent.

In the last two years, we have witnessed an increase in retention overall. This increased retention is due to initiatives that emphasize competitive pay and increased bonuses, broadened career opportunity, and improvements in Quality of Life for our Sailors and their families. As we approach a steady-state force, we must continue to improve retention in order to sustain our Navy into the next century.

Officer Personnel/Programs

Throughout FY95 we continued to slow the pace of our officer reductions while placing increased emphasis on retaining our best officers. All available avenues from deckplate discussion to computers to commercials were used to get the word out that opportunities for career progression remain strong in all officer communities.

There are many indicators of improving opportunity that are encouraging to our officers. We are not using the Voluntary Separation Incentive/Special Separation Benefit (VSI/SSB) Program in FY96, reflecting our philosophy of moving away from downsizing our officer force toward one of encouraging our officers to "stay Navy." In FY97, we have budgeted only 366 VSI/SSB quotas, and will most likely limit this program to only a few officer communities. Furthermore, while we have approved 571 officers for separation under TERA in FY96 to date, our goal for FY97 is only 400. Finally, major reductions in Selective Early Retirement (SER) selections (69 percent less than our peak year of FY94) are leading to a near-term phase-out of officer SER altogether.

Current overall retention is adequate, but we face difficulties in the Surface, Aviation, Submarine/Nuclear Propulsion, and Medical communities.

Surface: The Surface Warfare Officer (SWO) community has met the challenges of downsizing, maintaining readiness by retaining the highest motivated and best trained naval officers possible. Retention after the minimum service requirement continues to be lower than we want, due to family separation and a perceived lack of promotion

opportunity. This is forcing us to access a larger number of ensigns than required by the billet base in order to fill department head requirements at the seven-year mark.

Although we currently have enough SWOs and forecast sufficient retention (given planned accessions), we continue to look for innovative ways to improve retention and enhance cost-effectiveness. We are implementing revised division officer and department head sequencing plans in order to ensure that each officer has an equitable start to his career. We have found that there is a strong correlation between SWO qualification and retention, and are working to further improve the SWO qualification process by streamlining and standardizing the requirements.

Aviation: Aviation downsizing is behind us. We eliminated large numbers of involuntary releases of Reserve officers and the use of VSI/SSB in FY96.

Overall, pilot and NFO retention decreased in FY95, largely as a result of the downsizing programs that were still in effect last year. Despite the decrease, overall retention of aviators is not presently an issue. The requirement for Aviation Continuation Pay (ACP) still exists and was used to retain pilots in six aviation sub-communities in FY95. ACP has been selectively applied to 7 of the 14 sub-communities in FY96.

While not an immediate issue, I am concerned about pilot and NFO retention near the turn of the century. The number of aviators accessed in the past four years (1991-95) was lower than Fleet requirements, especially with the FY95 decision to stand-up 8 more fleet squadrons (4 strike-fighter and 4 EA-6B). We are managing this forecasted shortfall by accepting inter-Service transfers and lateral accessions for aviation training in those year groups. Forecasts of civilian airline hiring increases over the next few years could also impact these already undermanned year groups. We continue to watch this closely and may need an ACP bonus budget increase in the coming years. The last ACP yearly bonus increase occurred in 1989. I feel it is time we started looking at an increase in the yearly maximum amount we are allowed to pay our aviators to stay Navy. As a result, I have tasked the Center for Naval Analyses to begin this study.

Submarine/Nuclear Propulsion: Family stability and the excellent job opportunities in the civilian sector continue to impact nuclear-trained officer retention. Because overall force-level reductions have paralleled platform reductions, we have been able to keep our submarines adequately manned. But we currently have a shortfall of about 649 mid-grade submarine officers. This shortfall is hindering our ability to provide these officers equal access to post-graduate and professional military education, joint duty, and other career broadening assignments while still filling all operational support billets. Our submarine junior officer retention over the last four years has averaged the lowest level in over a decade. I am conducting an in-depth study into the effectiveness of the Nuclear Officer Incentive Pay Program. This will lead to recommendations on improvements which will ensure we retain adequate numbers of these highly qualified officers at minimum expense.

Spot Promotion: The Chief Engineer's job is in many cases our most demanding Department Head assignment. Fleet readiness and safety, including nuclear reactor safety on our nuclear ships, demand only the "best of the best" be assigned. We have a shortage of qualified LCDRs to fill these billets in both the Surface and Submarine

communities. Spot promotions provide the appropriate recognition, authority, compensation, and retention incentive for the LTs we send to these critical billets. This process does not circumvent the regular promotion system. Approximately 100 officers are selected each year by statutory board, and are included within the DOPMA grade ceiling for Navy LCDRs. Their spot promotion is retained only while serving in the qualifying billet. Their records subsequently go before the normal selection board alongside their peers'. I have looked closely at alternatives such as bonuses or major changes to career paths and tour lengths, and none meet the need as effectively or efficiently. I ask for your support to continue this successful program with a 20-year history of serving the Navy well by encouraging our best officers to take on these very challenging engineering assignments.

Medical: Because of higher pay in the civilian sector and a large student debt load, the initial accession and later retention of certain medical department personnel continues to be a challenge. For the most part, we are meeting this challenge. At the end of FY95, we had 4,168 physicians, 3,313 nurses, 2,752 health-care science and administrators, but only 1,403 dental corps officers -- 88 below target. Dental officer manning remains an area of concern. To improve dental corps accessions and retention, the total Armed Forces Health Professions Scholarship Program (HPSP) student load was expanded from 120 to 175, and the Health Services Collegiate Program pipeline was increased to 35 students. We expect to reach overall medical community end strength in FY96, but will continue to have inventory shortages in dentists and several specialties such as surgeons, primary-care physicians, optometrists, certified registered nurse anesthetists, and nurse practitioners.

Women in the Navy

The Navy's firm commitment and rapid implementation of an expanded women-at-sea policy and embarkation plan continues to produce significant, viable career improvements for women. With 97 percent of the enlisted ratings and officer designators open to women, there continues to be expanded professional opportunities for women on combatants, in aircraft squadrons, and in the Naval Construction Forces.

This commitment was clearly demonstrated as women were completely integrated into 35 combatants and three carrier air wings. At the beginning of this year, over 2,400 women were serving on combatants and in carrier air wings, with a total of more than 10,000 women at sea overall. By FY97, three years after the initial assignment of women to the first combatant, Navy will have 57 combatants with women embarked.

Joint Officer Management

Navy continues to give high priority to joint assignments and is making progress in extending the opportunity for professional military education to more Navy officers. The FY96 promotion rates to captain and commander for unrestricted line officers who are serving in or who have served in joint staff assignments exceeded the rate for officers serving at Navy headquarters. More notable, promotion to commander for unrestricted line officers serving in other joint assignments was at the highest rate ever (81.5 percent), significantly exceeding both the board average (63.4 percent) and the promotion rate for officers serving at Navy headquarters (76.3 percent).

The Naval War College (NWC) has undertaken a revision of the nonresident and correspondence NWC courses to greatly expand student enrollment. Additionally, the Naval Postgraduate School recently received certification to award JPME Phase I credit for selected curriculums.

Military Acquisition Workforce

We have transitioned from the Material Professional program to the Acquisition Professional Community (our acquisition corps), as required by the Defense Acquisition Workforce Improvement Act (DAWIA). All provisions of the legislation have been integrated into our manpower management processes, including requirements for career field certifications. The documented education, experience, and training requirements of DAWIA will maintain a high level of professionalism throughout our Acquisition Workforce and ensure our top performers are fully prepared for major program management assignments.

DOPMA Grade Table Relief

We have asked for a six percent increase in the DOPMA grade tables ceilings for Navy officers at O4, O5, and O6, and are working closely with DOD and the other Services to present a cohesive permanent DOPMA grade table relief proposal as part of the FY97 Omnibus Bill. This adjustment amounts to a net increase of only 2 percent in the total number of field grade officers that would be allowed on active duty. Additionally, it would not increase the size of the overall officer corps, and would be significantly less than the level of temporary relief currently authorized. Six percent permanent relief would accomplish three goals.

First, Navy needs permanent grade relief to compensate for the increase in external field grade requirements (driven by the Goldwater-Nichols DOD Reorganization Act of 1986 and the Defense Acquisition Workforce Improvement Act of 1989). These external requirements grew while the numbers of officers available to fill these positions dropped, constrained by the current grade tables. This trend is not likely to be reversed in the foreseeable future. The bulk of these requirements are for unrestricted line officers and acquisition specialists.

Second, the relief would help correct the Nurse Corps grade structure imbalance. The original grade tables were constructed to include staff corps officers for the first time. They incorporated low Nurse Corps retention rates, influenced primarily by policies that restricted the service and assignment of women. When we changed these policies to expand service and career opportunities for women, retention rates improved.

Concurrently, increasingly sophisticated medical technology has expanded the need for more senior nurses in critical care positions. This is a cost-effective alternative to assignment of medical corps or dental corps officers, who are not constrained by the DOPMA tables. Increased grade authorizations are required to accommodate increased Nurse Corps retention, maintain equitable promotion opportunity and timing for nurses, and meet our increased requirements for senior nurse officers. As it stands, the increased grade authorizations required to manage the Nurse Corps must come at the

expense of other competitive categories. Increasing the existing grade ceilings would rectify this situation.

Finally, relief would also allow us to maintain promotion opportunity and timing at acceptable levels within the guidelines set by Congress for the unrestricted line. Relief at all grades would give us the flexibility to use the ceilings, when needed, to manage promotions for the officer corps to attract and retain the best and brightest officers in the face of increasing outside recruitment of these trained leaders. Even aggressive use of all the tools at our disposal (lowering opportunity, SER, non-continuation of 2XFOS O4s, TERA, and VSI/SSB) has not prevented rising promotion flowpoints. Without relief, we forecast we will exceed the guidelines for all field grades, beginning with O4 in FY98.

Naval Reserve Personnel

The Naval Reserve today continues to be an integral part of the Total Force Navy. Focus on mobilization preparedness through quality training has proven to be the cornerstone for ensuring the Naval Reserve is always ready to support the Fleet. We will continue to emphasize innovative and imaginative methods to further enhance employment of the Naval Reserve to meet growing demands in crisis response, contingency operations, and peacetime support.

The Active Duty for Special Work (ADSW) program will continue to provide fully trained, flexible support for the operational forces. Emergent, short-term requirements of our active and Reserve components will continue to be met with the real-world skills and abilities of Reservists, voluntarily recalled to active duty.

The Reserve Transition Benefit (RTB) Program has effectively allowed us to reduce the size of the Selected Reserve Force to authorized strength levels with minimal disruption to our Reservists. Although authorized through FY99, future applications of this program will be used sparingly. The total number of Reservists taking advantage of this program through the end of FY95 was 6,200.

We are progressing toward full implementation of the Navy Mobilization Processing Site (NMPS) Program. This program improves processing for Reserve personnel recalled to active duty, enhances quality of life for their family members, and provides increased responsiveness to the Fleet. The development of NMPS recognizes the need for quick accessibility to our Reservists during contingency operations like **UPHOLD DEMOCRACY** (Haiti) and **JOINT ENDEAVOR** (Bosnia). This program centralizes Reserve mobilization processing at 14 specialized sites having the organizational infrastructure needed to properly screen, process, and gain the Reservist to active duty. This new process has already paid dividends in fewer pay and personnel problems for Reservists recently recalled for Operation **JOINT ENDEAVOR**.

Additionally, we are vigorously preparing for our transition to the new provisions of the Reserve Officer Personnel Management Act (ROPMA). I am pleased with the standardization that the Act provides to the administration of naval officer personnel. No longer will anomalies exist between the active-duty list officer (ADL) under the Defense Officer Personnel Management Act (DOPMA) and the Reserve officer on the Reserve active-status list (Pre-ROPMA).

Our Reservists continue to be ready to meet any and all challenges given to them. With each new demand, Reservists stand shoulder to shoulder with their active counterparts, and fully demonstrate Navy's commitment to total force.

Civilian Manpower

The end of FY97 estimate of 230,621 Department of Navy Full-Time Equivalent (FTE) civilian personnel represents about one-third of our total workforce end strength. The majority of our civilians contribute directly to the readiness of our operational forces, while the balance provide essential support in such diverse functions as training; medical care; communications; MWR programs; and weapons systems acquisitions. Clearly, we could not get the job done without the day-to-day support of our civilian team.

During FY97, we project reductions of 15,609 civilian FTE personnel -- about 2,555 more than the 13,054 employees separated in FY96. This civilian end-strength reduction reflects (a) the decline in workload at Navy activities as our force structure declines and (b) the additional reductions from Base Realignment and Closure IV as we size the infrastructure to support a streamlined force structure. Civilian staffing levels are sized to support our budgeted readiness requirements.

We continue to make every effort to minimize the adverse impact of these necessary force reductions on our civilian employees. Aggressive use of separation incentives is ongoing, and has minimized the need for reductions in force (RIFs) in past years. We project that the number of separation incentive takers will decline as the eligible pool of participants diminishes. Whenever RIFs are required, those personnel affected will be accorded full benefits.

VII. KEEPING FAITH WITH THE PAST

Although our primary focus is on the future, we cannot afford to lose sight of our commitments from the past. A great many veterans who have already completed many years of dedicated service to their country were counting on retirement benefits in exchange for real sacrifices made during military service. These men and women accepted separation from family, faced danger and death, and received minimal active-duty compensation, mostly out of loyalty and love of country. But our country made implied and contractual promises of future retirement benefits and protection that must be preserved.

With respect to medical benefits, keeping faith with our retired Navy community requires constant vigilance. DOD is working cooperatively with the Health Care Financing Administration of the Department of Health and Human Services to determine if a demonstration project of Medicare subvention is feasible--that is, a project to reimburse DOD for Medicare eligible people treated under TRICARE. I fully support this cooperative effort as it would provide access to TRICARE benefits for those covered over age 65. Meanwhile, those 65 and over continue to be seen by MTFs on a space available basis. As we face the challenges of the future, we remain committed to providing the highest quality health care to our Sailors and their families, as well as to the retired community.

Retired pay is an integral part of the Government's commitment to long-serving active and retired Navy service members. Consistent, fair retired pay cost of living allowance (COLA) is vitally important to our former service members in maintaining an equitable standard of living. Similarly, the benefits of clear access to our bases, commissaries and exchanges must be protected.

The continued operation and fiscal well-being of the Armed Forces Retirement Home (AFRH), both the U.S. Naval Home and the U.S. Soldiers' and Airmen's Home, is an obligation we take very seriously. The AFRH exists as an expression of our nation's indebtedness to the Soldiers, Sailors, Airmen, and Marines of previous generations. However, fiscal realities have mitigated the benefits provided by the Home. Prior to the AFRH Act of 1991, Public Law 101-510, residents at the U.S. Naval Home did not pay a resident fee. Residents who entered the AFRH after November, 1991, now pay a monthly fee equal to 25 percent of all Federally-derived income. Starting in FY98, residents will pay resident fees that will incrementally increase up to 40 percent of all income for non-permanent health care residents, and 65 percent of all income for permanent health care residents, although the maximum payment is capped. The AFRH Act of 1991 also initiated a 50 cent deduction from the monthly pay of all enlisted Sailors and Marines to subsidize AFRH costs.

Despite the aforementioned initiatives, the AFRH trust fund balance continues to spiral downward and is operating with a negative cash flow. The trust fund may be depleted within the next 10 years, despite the best efforts of the Board of Directors. The 1991 baseline population of 2,400 residents will have to be decreased to a maximum of 1,700 residents. As a result, many eligible veterans who desire to live in the AFRH will be denied admittance. Additionally, the AFRH Board of Directors conducted an extensive study that identified and evaluated alternatives to facilitate capital improvements and bring the Homes up to industry standards.

To the maximum extent possible, we owe it to those who proudly served to ensure that there is a place for them, if they need it, at the U.S. Naval Home or the U.S. Soldiers' and Airmen's Home. It is also incumbent upon us, as leaders, to ensure the continued fiscal health of these Homes in order to efficiently maximize residency.

VIII. SUMMARY

Despite dramatic change, our Navy continues to be the very best in the world. Our people are our greatest asset and the foundation of military readiness. By taking care of our Sailors and their families, we help ensure the successful accomplishment of the Navy's mission with vigilance and professionalism. Only with your help can we ensure that the needs of our people are met and that the Navy is ready to fulfill our Nation's mission wherever it takes us as we operate "Forward. . .from the Sea."

APPENDIX A

The Military Personnel, Navy (MP,N) Appropriation Request

The FY97 MP,N request is for an appropriation of \$16,943.0 million in obligational authority. This is a net decrease of approximately \$78.5 million from the current funding for FY96. The major increasing factors include annualization of 2.4 percent January 1996 pay raise; 3.0 percent January 1997 pay raise; incentive and special pays; annualization of BAQ from 3.4 percent to 5.2 percent of housing costs (19.5M). The following United Legislation and Budgeting (ULB) proposals in the amount of 14.2 million are submitted separately for consideration. 1) VHA rate protection; 2) BAQ/VHA for single E-5s on shipboard duty; 3) BAQ for shipboard military couples; and 4) continuous BAQ/VHA for single member PCS to deployed units. Offsetting decreases are average strength reduction of 15,645 and a decrease in VHA and other allowances; and special separation benefits and 15-year retirement. The following paragraphs provide explanations on funding required for selected budget activities; and the chart on page A-3 reflects funds requested for all six budget activities, as well as the percent of each to the total program.

Pay and Allowances of Officers

A total of \$4,299.9 million is requested to support the planned officer strength in FY97. This represents a net decrease of approximately \$3.4 million from the FY96 level. The change in required appropriations is attributed primarily to planned strength reductions, partially offset by annualization of the FY96 and the planned FY97 pay raise which is based on the Federal Employees Pay Comparability Act (ECI minus 0.5 percent). The funds required in this budget activity are indicated in the chart on page A-3. Basis for funds is the strength plans and resultant workyears.

Pay and Allowances of Enlisted Personnel

Planned enlisted strength will require \$11,132.8 million in FY97. This represents a net decrease of approximately \$306.5 million from the FY96 level. The net decrease represents planned strength reductions offset by increases for annualization of the FY96 pay raise and the proposed FY97 pay raise.

Subsistence of Enlisted Personnel

The amount required for Subsistence of Enlisted Personnel is \$737.4 million in FY97, a net increase of \$211.4 million from the FY96 level. The net increase is largely driven by the transfer of the Subsistence-in-Kind Program from O&M,N. Additionally, the annualization of the FY96 pay raise and the proposed FY97 pay raise are offset by decreases to end strength and workyears.

Permanent Change of Station (PCS) Moves and Average Cost by Category

The DON PCS Program will require \$593.8 million for FY97. The cost variances include the impact of the current reductions to authorized strength levels, inflation factors, and industrial funded service rates. Additionally, the In-Place Consecutive Overseas Tour (IPCOT) Program and the Overseas Tour Extension Program (OTEIP) transferred from O&M,N.

The chart on page A-4 shows planned moves and average costs by travel category across the years. The Navy's goal for operational readiness, when called upon for any contingency, is to continue to provide the installations and ships with the best qualified personnel. PCS costs associated with accession, separation, training, and organized unit moves are mandatory to meet that goal and attain force levels.

FY97 readiness moves represent 37 percent of the total Navy PCS program moves and 65 percent of the total Navy PCS funding. However, only limited opportunities exist to restrict these moves without disrupting programs and efforts to maintain skill and grade balances within the naval force.

While the Navy continues to make every effort to minimize moves, full PCS funding is absolutely essential for recruiting, training, developing, and retaining the best fighting force possible.

Congressional understanding of and support for the Navy's FY97 PCS program is absolutely necessary if we are to sustain our ability and readiness during this period of world uncertainty and transition.

MILITARY PERSONNEL, NAVY AMOUNT (\$000) BY BUDGET ACTIVITY

BUDGET ACTIVITY	FY 1995	%	FY 1996	%	FY 1997	%
PAY & ALLOWANCES (OFF)	4,403,610	24.8	4,303,269	25.3	4,299,868	25.4
PAY & ALLOWANCES (ENL)	11,985,877	67.5	11,439,267	67.2	11,132,798	65.7
PAY AND ALLOWANCES (MID)	36,647	.2	35,686	.2	35,261	.2
SUBSISTENCE OF ENL PERS	538,594	3.0	525,950	3.1	737,370	4.4
PERMANENT CHANGE OF STATION (PCS) TRAVEL	643,383	3.7	589,221	3.4	593,775	3.5
OTHER MILPERS COSTS	143,722	.8	128,070	.8	143,884	.8
TOTAL DIRECT PROGRAM	17,751,833	100.0	17,021,463	100.0	16,942,956	100.0
REIMBURSABLES	255,784		244,279		275,357	
TOT FINANCIAL PROGRAM	18,007,617		17,265,742		17,218,313	

**PERMANENT CHANGE OF STATION MOVES AND AVERAGE
COSTS BY TRAVEL CATEGORY**

	FY95 ACTUAL		FY96 ESTIMATE		FY97 ESTIMATE	
CATEGORY	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS
ACCESSIONS	51,436	918.33	60,732	979.86	59,595	975.40
SEPARATIONS	74,079	1,629.10	57,669	1,707.87	62,530	1,719.34
TRAINING	18,413	3,154.84	14,720	3,212.30	13,895	3,204.32
OPERATIONAL	37,785	3,748.82	36,413	3,952.60	32,626	3,996.17
ROTATIONAL	30,594	8,384.85	26,342	8,286.43	27,861	8,374.61
UNIT MOVES	3,865	4,967.92	3,152	6,893.72	2,844	7,000.35
TOTAL MOVES	216,172		199,028		199,351	
COMPOSITE AVG COSTS		2,976.25		2,960.49		2,978.54

Mr. DORNAN. It will be done. Thank you again. Another excellent U.S. Navy statement. Thank you, Admiral.

If you would allow me, General Christmas, I'm going to defer to the junior service coming up on its 49th birthday here, September 18 of this year, so I could keep you as the anchorman since it's your last appearance. I want to you savor it.

General McGinty, give us the good eve of St. Patrick's Day report.

STATEMENT OF LT. GEN. MICHAEL D. MCGINTY, DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE AIR FORCE

General MCGINTY. Mr. Chairman and members of the committee, I'm pleased to have this first opportunity to appear before you and talk about Air Force quality of life and the well being of our Air Force people.

With your approval, like my colleagues, I would like to submit the full report for the record and provide a brief opening statement.

Mr. DORNAN. So done.

General MCGINTY. Let me begin by saying there is clearly a new-found sense of optimism among the Air Force people. Our spirits are high, our morale is positive, and our energy levels are off the chart. And to support that, I would cite a recent survey that we did last year directed by our Chief and Secretary on quality of life, and over 350,000 people responded to that survey, done on computers. And out of that survey, 74 percent of our officers, 64 percent of our enlisted, and 81 percent of our civilians said they planned to make the Air Force a career. That's pretty positive.

I believe there are several good reasons for this enthusiasm, but the first and foremost is the support we have gotten from this committee and the other committees of Congress. Last year we discussed our Air Force quality of life priorities, and we asked you for your support in several areas, and you delivered in spades, with a 2.4 percent pay raise and aggressive effort to help close the housing allowance gap. And those are just two of the many visible steps you helped to let our Air Force people know that you and your committee really care.

Just as we could not have made these gains without the support of the members of this committee and Congress, we could not hold on to our momentum without your continued support. And simply put, our task is to provide a force ready to fight and win. To meet this challenge, we have to (1) Recruit high quality military and civilian people; (2) we have to retain and train our people better than anyone else in the world; (3) we have to create an environment in which our people could strive to achieve their full potential; and (4) ensure our people have a reasonable quality of life.

In my prepared remarks, I provided information about each of these requirements, and we consider each of these areas important to the overall readiness and well being of the Air Force. The fact I'm not speaking to each today is only in the matter of interest of time here this afternoon.

Before I move on to the update of our quality of life initiatives, I want to mention our progress on the military drawdown and solicit your continued support for our civilian work force.

I'm proud to report we are 90 percent complete with the military effort, and beginning this year now, we will only use voluntary efforts. While the end is near for the military drawdown, we still have a lot of work to do with the civilian side, and we remain committed to our policy that the RIF or Reduction in Force is the last resort; and we are looking for lessons learned from our military drawdown that we can apply to our civilians.

We need your support to help provide us the tools required to meet the drawdown goals as we try to take care of our civilians like we did the military as they leave the Air Force.

Now the quality of life. Last year we presented the seven Air Force quality of life priorities: Compensation and benefits, housing, health care, balance PERSTEMPO and OPTEMPO, community support and family programs, retirement, and seventh, and certainly not least, educational opportunities. Sort of the same priorities that the Marsh commission came up with and that the other services have.

We re-evaluated our priorities this year and continued to work a balanced program of quality of life for our people. And again, details on our progress in each area are in my prepared remarks. But right now I would like to briefly update you on some of the areas you have identified as the focus of this hearing today: OPTEMPO, recruiting and retention, compensation, housing and our good retirees.

As identified in the Marsh commission report, OPTEMPO has increased significantly. On average three to four times as many Air Force people are deployed today as there was in 1989. And to help us manage that requirement and take care of our people, the Air Force does use one day away equals one day away.

Mr. DORNAN. How long have you been doing that?

General MCGINTY. Several years. We are doing a better job of keeping track of it now within the last couple of years than we were before.

Mr. DORNAN. Did I hear you say your benchmark year was 1989 as far as deployment?

General MCGINTY. We compared that to when the Berlin wall came down, and it's four to five times as many people deployed now after the wall, but our numbers are small compared to the other services. Today I got about 14,500 people out of 400,000 deployed. So compared to the Navy, Marines and Army, that's a small number.

We also did set a goal that our maximum number of days that any person should be deployed or TDY is no more than 120 days. That's about one day out of three. When we began tracking OPTEMPO, we had over 15 of our weapons systems that were gone more than the 120-day ceiling. Today that has been reduced to just six.

Mr. DORNAN. A-10's and AWAC's?

General MCGINTY. Yes. So we are approaching our max goal of 120 days.

You say, how do we do that? We use a three-pronged approach. First, we spread the requirements now for deployments across the entire force. Second, we evaluate and try to find areas where taskings can be reduced. I think it was mentioned earlier here

today that we have reduced some of the AWAC's taskings. Third, we try to use the guard and reserve more. It's perhaps easier for the Air Force to use the guard and reserve, but as was mentioned earlier, we are bringing on line now AWAC's reserve associate units, which will help spread the OPTEMPO for the active force.

We appreciate the emphasis that the Marsh Commission has placed on this important area and the impact it has on our quality of life for our people.

As you know, the Air Force recruits the country's best and brightest to serve, and our recruiting program continues to be successful. I say "successful" because we met our goals without sacrificing quality, and successful because of your support, our recruiters and our advertising program. Your support made the difference during this drawdown period when recruiting was really tough. Likewise, our retention rates are healthy. Since 1991, we have met or exceeded our retention goals in all categories. While we realize the drawdown has had an effect on recruiting and retention, we believe with your support the Air Force will continue to do well in both of these areas.

Even as we recruit and retain high quality people, we are convinced that fair and equitable compensation is necessary to ensure a ready force. We generally appreciate the support you provided to the full statutory pay raises. However, the fact remains that our pay lags behind the employment cost index by over 13 percent. To bring that into focus that means an E-5 Staff Sergeant in the Air Force is about \$202 a month short if he was short of full comparability. That's the reason the Air Force strongly supports the administration's call for the 3 percent pay raise this year and the statutory pay raise throughout the future years defense plan [FYDP].

In addition to the pay gap, you are aware most of our people must absorb about one dollar out of every three when they must move and go PCS. We believe it's time to work on equitably compensating our people when we require them to relocate.

In the area of housing, we agree with the Marsh Commission finding that housing is a critical component of our people's quality of life. Air Force people don't expect to live in luxury. They simply want to be able to put their families in a safe home that will give them peace of mind when they are deployed.

Currently, we have 39,000 families in the Air Force on waiting lists to move into our base housing, and our average house is 33 years old. This year we are going to spend \$293 million on housing renovation or construction, but at the current funding levels it will take nearly 24 years to catch up. Half of all Air Force families live off base, and with your support we made tremendous strides in the 1996 authorization bill with a 5.2 percent increase in basic allowance for quarters, and their variable housing allowance rate protection. We believe the proposed three percent pay raise will help maintain this momentum.

And for the 125,000 single and unaccompanied members, we support OSD's one-plus-one dormitory standard. When we ask as we do in our surveys, dormitory residents what would most improve their quality of life, 88 percent say a single room, a little privacy. This year we are going to spend \$178 million on dormitory renova-

tion and construction, but we still have a long ways to go. We have 77 dorms in our Air Force that have gang latrines still. We would like to get rid of those.

My final comments concern our retirees and our commitment to these people. We appreciate the support that we got last year to defeat the high 1 initiative. We also appreciate your support to make the COLA equitable, and we look forward to continued support to protect that initiative.

It's our obligation, I feel, to honor the commitment that we have made to the retirees or to the military members when they sign on for a career with the Air Force. The Air Force is confident, as our Secretary says, by putting people first that we can provide a strong, capable, and ready-to-win air and space force; and we remain committed to providing those good people a high quality of life.

I appreciate the opportunity to provide this overview to you, and I stand ready to answer your questions.

[The prepared statement of General McGinty follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON NATIONAL SECURITY
SUBCOMMITTEE ON MILITARY PERSONNEL
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: MILITARY PERSONNEL QUALITY OF LIFE ISSUES

STATEMENT OF: LIEUTENANT GENERAL MICHAEL D. McGINTY
 DEPUTY CHIEF OF STAFF, PERSONNEL
 UNITED STATES AIR FORCE

12 MARCH 1996

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON NATIONAL SECURITY
UNITED STATES HOUSE OF REPRESENTATIVES

INTRODUCTION

Mr. Chairman and members of the Committee, I am excited about my first opportunity to report to you on the well-being of Air Force people. The best way to give you a true understanding of our posture today would be to introduce you to some of the men and women, military and civilian, who make the United States Air Force the greatest air and space force the world has ever known. Many of you have had the opportunity to meet and talk to these magnificent people during your travels. I'm confident you've come away as impressed as I am with their professionalism, dedication and enthusiasm to serve their country. During my field visits, I make it a point to talk to our people and their families about what lies ahead and let them tell me what's on their minds. I'd like to have each one of them here with me today to express to you their thoughts. Since that isn't practical, I will attempt to convey their concerns, their hopes and their dreams to you in this review of the Air Force personnel posture.

Let me begin by saying there is clearly a new found sense of optimism among our people today. Spirits are high, morale is positive, and energy levels are off-the-chart. In fact, in a recent Air Force wide survey 74% of officers, 64% of enlisted, and 81% of our civilians said they plan to stay with us for a career. I believe there are several very good reasons for this enthusiasm. First and foremost is the support this committee continues to give our people. Last year we discussed our Quality of Life priorities with you and asked for your support in several areas. You responded with a resounding "can do." The 2.4 percent pay raise and an aggressive effort to help close the housing allowance gap are just two of the very visible steps you've taken to let Air

Force people know you care. The second big reason for this optimism is the realization that we've achieved some sense of *stability*. We are beyond the post-cold war era. For the military, the drawdown is nearly 90% complete, the last round of base closures has been announced, and the recommendations of the Commission on Roles and Missions are on the street. As I see it, we've successfully moved through a significant transition period and in the coming year I can think of nothing better we can do for our people than to provide a stable environment. By stable, I don't mean stagnant. I mean exactly the opposite. We must create and maintain an environment that allows us to focus on our strengths--our primary mission to fight and win America's wars, and our core values--integrity first, service before self, and excellence in all we do. We believe, and I hope you agree, it's time to shift our focus from those who are leaving the Air Force to those who are staying.

What I will do today is discuss some of the steps we've taken toward stability and address some of the challenges we face. Additionally, I'll give you a brief update on the progress we've made toward our seven Quality of Life objectives.

MEETING THE CHALLENGES OF THE FUTURE

Just as we could not have pulled through this drawdown without the unwavering support of members of this subcommittee and Congress, we cannot hold our momentum, nor hope to offer our people stability, without your continued support. Simply put, our task is to provide a force ready-to-fight-and-win. To meet this challenge, we must:

- ☐ Recruit high quality military and civilians
- ☐ Train and retain our people better than anyone else in the world
- ☐ Create an environment in which our people can strive to achieve their full potential
- ☐ Ensure our people have a reasonable quality of life

RECRUIT HIGH QUALITY MILITARY AND CIVILIANS

People are our most valuable resource and we must be able to hire our country's best and brightest to continue to be the world's best Air Force. With that as our requirement, we've just completed one of our most challenging recruiting years. In the six year period between 1989 and 1995, the propensity of America's youth to join the Air Force fell nearly 30 percent. The drawdown, base closures, and well publicized personnel reductions have fostered the feeling among American youth that the Air Force does not offer the same opportunities as it did in the past. Adding to the environment is the fact that there are simply fewer military "mentors" in our society today. Fathers, mothers, brothers, teachers--the people who have historically carried the military message from one generation to the next--don't have the military experiences as previous generations.

But we're proud to say we met our goals and we did so without sacrificing quality. Better than 99% of our recruits in FY95 had high school diplomas and some 84% scored in the top half of the Armed Forces Qualification Test (up from 81% in FY94). The Air Force Reserve and Air National Guard are also feeling the effects of our

changing environment. As members left the active force during the drawdown, they provided the Reserve Components with a steady stream of high quality candidates. That stream has slowed to a trickle and we now find increased competition for recruits from the civilian market.

We've taken several aggressive steps to help our recruiters meet these growing challenges. With your help we now have the authority to boost Special Duty Assignment Pay for our recruiters from \$275 per month to \$375 per month--a positive step in compensating them for their arduous duties and extraordinary responsibilities. We've put 80 more recruiters on the street and supported them with targeted advertising. Thankfully, this committee also recognized our challenge and provided a crucial \$2.0M plus-up to our advertising budget which allowed us to mount an effective "we're hiring" advertising campaign. These dollars were well spent. Twenty five percent more recruits told us they heard our ads on the radio this year than last. We need to continue to fully support our recruiters in their efforts. The resources we invest in recruiting today will ensure we're ready to fight if called upon in the future.

We met our line officer recruiting requirement in FY95, but we did fall short in attracting the right numbers of health care professionals -- specifically physician and nurse specialists. The success we did enjoy can be directly attributed to the support we continue to receive from you in the form of special pays and bonuses. The bottom line however is still money: the salaries offered by the private sector are tough competition. Our recruiters consistently list health professions recruiting as their number one challenge and we therefore make it a top priority.

One of our success stories is the Junior ROTC Program. We've continued to expand this citizenship program and added 82 new schools in FY95, to bring the total number of Air Force-sponsored units to 586. More than 80,000 high school students are enrolled in a program that teaches responsibility, stresses patriotism, provides positive role models, discourages drug and alcohol use, and deplores gang activity. For many at-risk youth, Junior ROTC is the key to their continued school attendance. We're proud of our high military affiliation rate of 50 percent. This is the percentage of those students completing at least two years of Junior ROTC who go on to serve their country in our Armed Forces. But if the rate were zero percent, we'd be just as proud. We're keeping kids in school, out of trouble, and turning out high school graduates with a positive focus on their futures and the self discipline to aim for high goals. Thank you for making this success possible by supporting Junior ROTC.

Like the military, the number of civilians we hire each year has fallen as part of our overall drawdown program from a high of 8,150 in 1990 to just 4,325 in 1995. Unlike the military, we still have a steady stream of applicants for most positions. Despite the downsizing environment, we continue to recruit the right numbers and skills into the civilian workforce to accomplish the Air Force mission and to assume future senior leadership positions.

Although we're meeting our civilian goals, competition with industry for top college graduates remains keen. We'll continue to use programs like the PALACE Acquire Intern Program to offer unique career opportunities to the best and brightest young college graduates.

TRAIN AND RETAIN OUR PEOPLE BETTER THAN ANYONE ELSE IN THE WORLD

Once we've hired the right people we must provide them a stable environment day-to-day if we expect them to stay with us for a career. Key to our efforts is the right training at the right time and stable, predictable advancement opportunities. From a training perspective, readiness demands that airmen are effectively but quickly trained and ready to perform ever-increasingly high tech jobs. In 1992 we developed the Year of Training (YOT)--a coherent education and training architecture to improve the quality of education and training and produce airmen better prepared to meet the demands of the 21st century. Our YOT goal, to provide trained, ready-to-work people, is quickly becoming a reality. Today, every skill has an operational initial skills training course compared to only 90 percent four years ago. These courses provide commanders a graduate familiar with basic skills, and one who is motivated and ready for on-the-job, hands-on training at the first duty station.

We're excited about new training philosophies that will make an already first class training process even better. For example, the new Mission Ready Technician (MRT) Program gives commanders an apprentice airman who is near mission-ready and prepared to step on the flightline as a fully contributing member. A good case in point is the F-16 Crew Chief Course. The Course not only teaches general skills but provides full hands-on certification by placing the trainees on an operational flightline for nearly a month to develop aircraft skills. When graduates arrive at an operational base, they are ready to step onto the flightline as fully contributing members of the team. The

feedback we've received from field commanders is overwhelmingly positive. More than eighteen such courses exist today and we will develop 56 more over the next three years.

Streamlining of operations, downsizing, and reduced budgets challenge the Air Force's ability to maintain a highly skilled fighting force, and argue for creative solutions to provide mission essential education and training for military and civilian personnel. Interactive Courseware, such as Computer-Based Instruction and Interactive Video disc, used with Distance Learning technologies, is revolutionizing the delivery of instructional programs. This year we've established an Air Force focal point for the implementation of Distance Learning policy and emerging Distance Learning technology with a goal of ensuring that this new capability is used at the best time and place, and the use of new technological delivery methods is at the right time and place.

As you know, Air Force civilians are also a vital part of our total force and our readiness equation. We strongly support training and education programs commensurate with the active duty. For example, our civilians receive technical skills training throughout their careers, many times in classrooms with their military counterparts, creating the working partnership that is so critical to mission readiness. In recent years our civilian skills training programs have grown to address evolving skills imbalances typical of rapid downsizing. As a result, new initiatives have emerged to include retraining and multi-skilling programs that offer increased stability and productivity in our civilian workforce.

Professional development is equally important in maintaining a first class civilian work force. We've developed an Air Force Management and Leadership Development

Framework targeted at preparing our civilians for future leadership positions. The framework is based on aggressive employee participation in four categories of educational activity to include: Air Force acculturation through Professional Military Education; management skills training; experience based, nonacademic programs; and long term, full-time academic development. Air Force civilian employees now have a professional development model which will serve them well.

As we discussed, providing the world's best air and space force requires us to access and train high quality people. With that investment toward readiness, we certainly want to retain these quality people. Today's enlisted retention looks very good, especially for those completing their first term. As a matter of fact, our first term reenlistments are at an all-time high. Nearly two-thirds of those offered the opportunity to reenlist did so in FY95 compared to just 58% in 1986. This is great news in that the dollars we've invested in training are at work on our flightlines today and our state of readiness is maintained.

Much of our success in retaining skills in critical areas is due directly to the payment of Selective Reenlistment Bonuses. This year, we plan to pay SRBs to people in 55 different skills. These bonuses are essential to our efforts to retain highly skilled professionals in light of private sector positions with higher compensation packages. Your continued support for these target pays will allow the Air Force to compete successfully for, and retain, a limited resource of specialist technicians and professionals.

For officers, an all-time high pilot retention is a direct result of the pilot bonus. In 1995, 64% of those offered the bonus accepted as compared to 35% just 6 years ago.

Retaining just six additional pilots will pay for the entire FY97 program and sustain us with a very expensive, trained resource. Your support maintaining this highly effective program is still paying big dividends.

Ensuring these positive retention trends continue is very much dependent on our ability to provide stable personnel programs for all our people. Key to that effort are clear, fair, and understandable evaluation and promotion systems. In 1995 we undertook major reviews of our evaluation systems with two goals in mind; review the basic tenants to ensure they still make sense and address field perceptions.

The review validated each of the principles of our officer and enlisted evaluation systems but noted a general lack of understanding of the system particularly among officers. Based on these findings we've increased educational efforts to the field and recommended moderate procedural changes. Among the most significant and positive changes is the implementation of mandatory feedback for all our people—from airman to colonel. Our goal is simple: make sure everyone, raters and ratees alike, understand expected standards and how well those standards are achieved during the entire evaluation cycle.

Our ability to meet mission demands in the future depends on our ability to promote the right people today. Promotions have been slowed over the past several years as we executed our drawdown strategy. As a result, there has been a growing perception that the system was neither fair nor predictable. I am happy to report to you today that in 1995 we met our promotion objectives for every enlisted grade for the first time since 1991—a clear sign that we're operating in a stable environment. Timing of promotions for officers unfortunately still lags our expectations. Promotion opportunities

have been reduced to the DOPMA minimums for every field grade and still the average major didn't pin on until about the 12 year point each of the last three years. The temporary grade relief you gave us in the FY96 bill was a significant step in addressing this issue. And while we've met DOPMA guidelines for lieutenant colonels, we're at the very outer limits of pin-on timing. The Administration is reviewing a proposal that contains new grade tables for majors and lieutenant colonels. These new tables will help us in two ways. First, they will help us manage the officer career force within DOPMA guidelines for career progression. Second, they will allow us to continue to give high priority to external field grade requirements driven by changes in law (the Goldwaters-Nichols Defense Reorganization Act of 1986 and the Defense Acquisition Work-force Improvement Act of 1990) without impacting our own internal needs. The current grade tables have become inadequate and it is time to make adjustments.

CREATE AN ENVIRONMENT IN WHICH OUR PEOPLE CAN STRIVE TO ACHIEVE THEIR FULL POTENTIAL

We know it is the leader who truly provides a healthy, stable environment not only for mission accomplishment but for taking care of our people. Therefore, we've moved aggressively to ensure we have the finest leadership team possible. We recently completed our first-ever Commander Screening Board. This process ensures we identify those officers with the greatest demonstrated leadership potential to fill key command positions. We've also instituted mandatory training for commanders at all

levels. Our goal is to identify the most capable to command and provide them with the tools they need to be successful.

One of the most significant responsibilities of being an Air Force leader is that of being accountable for your actions. While most of our people serve with honor and distinction, our commanders must have sufficient tools and guidelines to deal with those who do not. We've taken steps to ensure the guidelines are clearly stated while maintaining the commander's prerogative to act.

No leadership role is more important to creating a stable environment than that of creating an atmosphere in which you know you'll be treated with respect and dignity in the workplace. The Secretary and Chief of Staff are deeply committed to these basic principles which allow each person to reach his or her potential. The impact of our gender and race neutral recruiting and assignment policies can be seen across the force. For example, there are twice as many women in the Air Force today as there were in 1975, while minority representation has gone from 14 to 24% over the same period. Twenty-four of every 100 Air Force accessions last year were women, and 16 of every 100 were African American or Hispanic. Today we have over 400 female pilots and navigators and nearly 600 enlisted women in aircrew positions. Once on board, minorities compete favorably for key jobs, upward mobility and promotions. Much of the progress in this area has been made only recently, but it is measurable and shows real improvement.

Our biggest challenge for the future is to sustain growth and ensure that women and minorities are prepared to assume more senior leadership roles. We've institutionalized a four-hour Equal Opportunity Awareness Program, mandatory for all

military and civilians. We've already implemented many of the recommendations of the DOD Task Force on Discrimination and Sexual Harassment and are working to implement the rest. Finally, we've published a "user friendly" pamphlet on Discrimination and Sexual Harassment. This pamphlet has been distributed to every installation and is designed as a tool to educate Air Force people on alternatives for resolving equal opportunity complaints.

Air Force policy prohibits discrimination on the basis of race, gender or ethnicity, and takes swift action when it occurs. Because we want to retain the very best people for full Air Force careers, senior leadership and commanders at all levels must continue to maintain an environment of acceptance, understanding and mutual respect among all of our members.

Before I move into the update on our Quality of Life initiatives, I want to mention our progress on the military drawdown and solicit your help for our civilians. Without a doubt, the biggest challenge to stability in the Air Force over the past decade has been the drawdown. I'm proud to report today that we are 90% complete with our military effort. Halfway into this fiscal year, the Air Force has already identified sufficient numbers of enlisted losses to meet our FY96 military drawdown goals and are well on our way on the officer side. Because we were proactive early in the drawdown, we were able to manage this year's program with only limited use of Temporary Early Retirement Authority and no Voluntary Separation Incentives or Special Separation Benefits. We are no longer using involuntary actions like RIFs and SERBs and with

your help in maintaining the endstrength levels projected in the FY97 budget, we won't have to return to them in the future.

While the end is near for the military drawdown, there is still a lot of work to do on the civilian side. Like the military drawdown program, we expect to reach our end FY96 civilian strength level; we'll use primarily Voluntary Separation Incentives and Voluntary Early Retirement Authority. Base closures and other programmed reductions will reduce our end-strength 12% from today to FY01. By the end of the century our civilian strength will be about 69% of what it was in 1991. The authority to use incentive payments and early retirement to increase attrition has been a major factor in minimizing involuntary separations under reduction in force (RIF) procedures. We appreciate your support of the Civilian Voluntary Release Program, Continued Health Care Coverage, and Lump Sum Severance Payments included in the FY96 NDAA. These efforts help minimize the erosion of morale among civilians affected by the drawdown.

We remain committed to our policy that RIF is a last resort. We have paid over 15,000 incentives since we were given the authority in early 1993 and had to RIF only about 4,000 in the last three years (FY93-95). We estimate we will pay an additional 11,250 incentives through FY99 and we expect to RIF approximately 1,300 in FY96 and about 2,450 more through FY99. These projections are dependent on the numbers in the FY97 budget remaining stable. Further efforts to privatize will present new challenges, but we are looking for "lessons-learned" as we privatize Newark AFB and will use them as we develop plans for privatization on a much larger scale at Kelly and McClellan.

ENSURE OUR PEOPLE HAVE A REASONABLE QUALITY OF LIFE

Last year we presented our seven Quality of Life priorities. I'd like to take this opportunity to briefly speak to the progress we've made in each area and identify those areas in which we need your continued help and support.

We ask a lot of our people and their families. The typical 20-year Air Force career involves 6-8 family moves (1 or 2 of which are overseas and back), buying and selling houses in the process, having their children attend a half dozen schools, enduring family separations while the military member serves at a remote duty location for up to fifteen months—and a high likelihood of short-notice deployments to international crisis spots. Our people readily step up to these challenges as long as they know their work is important and appreciated and their families are taken care of. Our quality of life efforts target both these concerns.

As a force that relies heavily on its technological advantage, we must retain high quality, experienced, motivated, well trained people. We also know there is a direct correlation between readiness and the quality of life of our people and their families. Indeed, quality of life is the number one reason people stay in the Air Force. It is for these reasons that we developed our Quality of Life Strategy. This strategy focuses our efforts on improving the lives of our people and their families by identifying seven quality of life priorities: Compensation and Benefits; Housing; Health Care; Balanced Personnel Tempo and Operations Tempo; Community Support and Family Programs; Retirement; and Educational Opportunities. There is no doubt that putting "People First" is key to retention and successful mission accomplishment.

Compensation and Benefits

One of the fundamental requirements for maintaining an all-volunteer force is ensuring fair and adequate military compensation. By law, military pay raise levels do not keep pace with private sector wage growth, as defined by the Employment Cost Index. Additionally, in seven of the past ten years, the inflation rate, as defined by the Consumer Price Index, has similarly exceeded statutory increases in military pay. In order to minimize the effect of these differences, the Air Force strongly supports the Administration's call for a 3 percent pay increase for FY97 and full statutory pay raises through the FYDP. In addition, as we look towards the future, we must ensure military pay remains fully competitive with private sector employment alternatives and permits members to enjoy a standard of living commensurate with that of the average American. For civilians, the Air Force also supports pay equity with industry through the locality pay provisions of the Federal Employees Pay Comparability Act, including its extension to overseas employees.

Currently, the expenses military members must absorb during a Permanent Change of Station (PCS) remain high. Today, reimbursement covers only 65 cents on the dollar, meaning military members must absorb one dollar out of every three from already limited finances. To decrease this financial burden, the Air Force is reviewing proposals that would increase the dislocation allowance, improve travel and transportation reimbursement levels, some of which have been untouched since 1985, and authorize Temporary Lodging Expense reimbursements for members and families moving to their first permanent duty station.

Safe and Affordable Housing

We agree with the Marsh Commission finding that housing is a critical component of our people's quality of life. Like most Americans, members of the Air Force want to live and raise their families in comfortable, secure neighborhoods. Unlike most Americans, however, airmen must support worldwide deployments and contingencies. It is vital for all airmen, particularly junior members, to have access to safe, affordable housing. Air Force people do not expect to live in luxury. Simply, they want to be able to place their families in a safe home that will give them peace of mind when they are deployed.

Unfortunately, there are insufficient quantities of quality housing to meet existing and projected demand. Currently, 39,000 families are on waiting lists to move into base housing even though the average age of Air Force housing is 33 years. Many of these homes require significant improvement or replacement due to their worn out condition and to bring them up to contemporary standards. This year we will spend \$293M on housing renovation or construction but at current funding levels, it will take nearly 24 years to catch up with this backlog.

A potential solution is innovation, not just increased investment, and the key is privatization. Privatization worked in the past, providing thousands of housing units during the 1950s and 1960s. With recently approved legislation, the Air Force hopes to realize both the flexibility and the authority to satisfy much of its housing needs through the private sector, thereby reducing costly infrastructure and overhead.

While many airmen prefer living on-base, the fact remains that half of all Air Force families live off-base. These families often bear an excessive financial burden.

With your support we made tremendous strides in the 1996 NDAA, with a 5.2 percent increase in the basic quarters allowance and variable housing allowance rate protection. These initiatives will help ease the housing burden for thousands of our people in the years to come. There is still work to do however. Even with the latest pay increases Air Force members continue to absorb about 20 percent of their housing costs from basic pay. This is in contrast to the Congressionally intended goal of 15 percent.

We also strongly support OSD's one-plus-one dormitory standard for single and unaccompanied personnel. Today about 125,000 Air Force members are single, with no dependents and nearly 70,000 live in dormitories on base. Generally, they are junior enlisted members, E-5 and below. When we ask them what would most improve their quality of life, 88 percent say a private room. This year we'll spend \$178M on dormitory renovation and construction but we still have a long way to go toward replacing our permanent party central latrine dormitories and in building enough one-plus-one dormitories for all our single and unaccompanied airmen.

Access to Quality Health Care

Our people rank health care as their number one non-cash benefit. Therefore, we continue to look for ways to improve access to health care while holding down costs. Two key programs that support that goal are the Overseas Family Member Dental Program (OFMDP) which fills the gap in dental coverage for families stationed overseas, and the current TRICARE program with neither enrollment fees for active duty families nor user fees in Military Treatment Facilities. Last year, we opened the OFMDP program to those stationed in Europe and this year we'll expand it to our

Pacific locations. TRICARE has taken off in the Air Force with five of the twelve regions participating today, caring for about 50 percent of Air Force families. TRICARE is the only program in today's economic environment that can ensure military members and their families the broadest range of uninterrupted medical coverage. We are committed to making it work.

Balanced PERSTEMPO and OPTEMPO

The OPTEMPO for many of our units remains high—and it will likely increase as we are called upon to support contingency operations. Today, over 14,500 Air Force men and women are deployed to exercises and contingencies around the world. On average, three-to-four times as many Air Force people are deployed today as in 1989. Airmen are engaged enforcing no-fly zones, maintaining air refueling bridges that are supporting humanitarian and peacekeeping operations on three continents, and helping stem the flow of illegal drugs from South America. While we are committed to supporting these operations, leadership is working hard to reduce the PERSTEMPO below the maximum desired level of 120 deployed days per person per year.

The Air Force is employing three main initiatives to achieve this goal. First, we are using worldwide sourcing to balance the work load across all active duty Air Force units, regardless of the theater to which they are assigned. Second, wherever possible, we are reducing taskings on the weapon systems where our people have the highest PERSTEMPO. That is, we prioritize taskings and determine which missions we can support as requested, which we can offer substitutions, and which we can seek relief. Third, we are using Air National Guard and Air Force Reserve volunteers to reduce the

taskings on our active duty members. Optimum use of the Air National Guard and Air Force Reserve to relieve active duty PERSTEMPO requires full funding and advance scheduling to maximize volunteer availability.

Improving the quality of life for deployed members is also a high priority. Our new Initial Deployment Kitchens will soon be part of the first strike force support assets deployed to provide hot meals on day one. Commanders agree that leisure time opportunities are also critical to maintaining morale and improving productivity. Today, Air Force fitness and recreation specialists operate fitness centers, recreation programs, and libraries at nine deployment sites including tent cities in Italy, Turkey, and Croatia. These programs allow our people to take a break from the action while remaining a vital part of our deployment package.

We are also addressing the needs of families. In a Spring 1995 survey, Air Force commanders and first sergeants said that family readiness is directly tied to mission readiness. To meet these needs we've opened Family Support Centers at every major Air Force installation. Family Readiness Programs continue to provide special emphasis on family separations through a variety of services, including deployment preparation for the entire family, support during separations, and guidance during reunions. With the high number of deployments, these services have become business as usual at many bases.

Community Support and Family Programs

Community support and family programs are a key part of the total benefits package. These programs help the Air Force recruit and retain the right people while demonstrating Service commitment to military personnel and their families.

In our recent Quality of Life Survey, Air Force members rated fitness centers as the most important base-level service. Today the Air Force is taking steps to increase hours of operation at existing facilities to meet growing demands. We're also establishing Health and Wellness Centers at each base to provide one-stop shopping for all health assessment needs.

Today, the Air Force Child Development Program provides care for 45,000 children daily in child development centers, family day care homes, and youth center programs. However, the demand for care is nearly 86,000 children per day. We are spending \$19M this year to expand our capacity in these facilities, but clearly there is still a shortfall in the availability of child care spaces. Thanks to the Quality of Life money Secretary Perry gave each of the services, we'll increase our capacity by 13,000 spaces in the next five years. Unfortunately, this still only meets about 65 percent of the demand for care. To meet expanding child care needs the Air Force intends to continue funding construction projects aimed at upgrading and expanding Air Force child care facilities.

We also believe the FSC's Transition Assistance Program (TAP) assists military members and those civilian employees affected by the drawdown to adjust to private life as they separate from employment with the Air Force. While especially useful for our active duty force during these past years, these services will continue to be a critical management tool to facilitate the continuing civilian reductions and will demonstrate our concern for their continued welfare.

Retirement

The Air Force remains committed to our retirees. A solid retirement benefits package has long been a foundation of the All-Volunteer Force and is used to partially compensate for the extraordinary demands we place on our people over the course of a career. It is our obligation to honor the retirement pledge we make when each member of the team signs on.

We support the preservation of both the military and civilian retirement systems. Reforms to the military retirement system during the 1980s have reduced the lifetime value of retired pay for newer service members by 25%. We applaud your efforts to head off the "high-one" initiative introduced last year for military. For civilians, recent proposals risk continued erosion of employee retirement benefits. We applaud your efforts to avert the "high-five" initiative which would have further eroded the compensation package of our dedicated civilian workforce. Further reductions in the net value of retired benefits, military or civilian, could have a dramatic, negative impact on recruiting, retention, and readiness.

Access to quality health care is also critical to military retirees. Medicare-eligible retirees age 65 and older are not eligible for CHAMPUS, and thus cannot be enrolled in TRICARE. We appreciate your continued support in this area and applaud the efforts of the Health Care Financing Administration and the Assistant Secretary of Defense for Health Affairs to design a Medicare Demonstration Project.

As we focus on taking care of our retirees, I want to mention to you the Armed Forces Retirement Home, located at the United States Soldiers' and Airmen's Home here in Washington DC and the United States Naval Home in Gulfport, Mississippi.

This Home provides a residence, support activities, and medical care to disabled or indigent veterans and retirees. Today, over 2,200 enlisted residents, primarily from the World War II era, live at the Home. Budget constraints threaten to require us to reduce the number of veterans who can be accepted at the Home to about 1,600--a 27% reduction. We are committed and have a national obligation to continue to provide an adequate, comfortable place for these veterans who have served our country.

Educational Opportunities

Finally, we are committed to preserving and expanding educational opportunities. Tuition assistance has been a valuable recruiting and retention tool providing airmen the means to obtain associate, undergraduate, and advanced degrees. At the same time, the Montgomery GI Bill continues to be a success story. These self-improvement opportunities not only serve as incentives to our people, but also lift them to greater levels of productivity. Ninety-five percent of those who enter the Air Force enroll in the Montgomery GI Bill program. However, those who "opted out" of the program are no longer eligible. We also have over 100,000 members who joined between 1977 and 1985. These men and women are covered by the Veterans Education Assistance Program and today are not eligible for the Montgomery GI Bill.

CLOSING THOUGHTS

The FY97 DoD budget proposal before Congress represents our best effort to provide a strong, capable and *ready to win* air and space force. While the dollars

programmed in this budget are in stark contrast to the greater amounts approved 10 years ago, they identify the resources necessary to maintain readiness while we continue to modernize the force. We have come beyond the post cold war era. Even so, the world is still a dangerous place and we need to be ready to respond. The key is our people—we must provide them a stable environment and a reasonable quality of life. This budget represents our continued efforts to that end.

Air Force people—officer, enlisted and civilian—have been the backbone of America's strength for nearly 50 years. They are our greatest asset and our highest priority. Our people have shown time and again they're willing to sacrifice many of the comforts and freedoms enjoyed by their fellow Americans to go in harm's way for our Nation's vital interests. From combat missions to relief efforts, Air Force people continue to prove they are the heart of the world's finest air and space force—a unique and invaluable national asset. To ensure we get the most from this national asset we must continue to:

- ☐ Recruit high quality military and civilians
- ☐ Train and retain our people better than anyone else in the world
- ☐ Create an environment in which our people can strive to achieve their full potential
- ☐ Ensure our people have a reasonable quality of life

I look forward to working with the members of the Committee throughout the year. I remain available at your call to discuss any of these items in further detail.

There is no work more important to my efforts to support commanders and take care of Air Force people and their families.

Mr. DORNAN. Thank you, General. Your full remarks will be put in the record. I hope you took note: The high 1 issue, this subcommittee and the full committee behaved like a giant-phased ray radar screen. We were all ears listening, we heard you loud and clear, and took very quick action.

General I noticed in your biography that you only spent 9 months at Uban. That's because 100 missions over the north was a ticket home, right?

General MCGINTY. Yes, sir. I got there December 20, 1967 and probably served under General Rohls and General James, flew 115 combat missions, 100 over North Vietnam and finished up in August.

Mr. DORNAN. That was the first year for SAM's. How close did they come to getting you?

General MCGINTY. I got a direct hit 23 miles south of Hanoi, January 20, 1967.

Mr. DORNAN. Was that your first mission?

General MCGINTY. Close.

Mr. DORNAN. And you coasted out to sea?

General MCGINTY. A very brave tanker crew came up and rescued us.

Mr. DORNAN. You got on the ship and he took you all the way home?

General MCGINTY. Yes.

Mr. DORNAN. And I'm glad you are where you are.

General MCGINTY. We had lots of holes in the airplanes.

Mr. DORNAN. Gives you great respect for tanker crews, too, including that boomer in the back, you bet.

General Christmas, again your final appearance, thank you for all your service, and I'm glad that Pete Peterson brought up an issue that's near and dear to my heart, and we had an 11-hour and 45-minute hearing on last year because we still don't have it right. To quote Chappy James at his retirement party at Andrews Air Force Base, I said, are you going back to Pensacola, Chappy? And he said, no, I'm going to stay here. I said, why? He said, I love to be near the arena to hear the screams of the Christians and the roar of the lions, and God took him 29 days later to the biggest arena of all. And he said, I'm now getting the full force of my first amendment rights restored to me, and I intend to use them effectively.

So, when you get the full force of your first amendment rights restored to you, keep writing those letters to the editor and let us know because on this committee your suggestions are still most welcome here on how to take care of our men and women in uniform. So proceed, General Christmas.

STATEMENT OF LT. GEN. GEORGE R. CHRISTMAS, DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS

General CHRISTMAS. First of all, it's a pleasure to appear again before your subcommittee, and I certainly don't mind summarizing for my colleagues the importance of what we are trying to do and what you are trying to do in this tremendous area we call quality of life. I, too, request that my formal statement be entered into the

record and that I be allowed to make a few very brief opening remarks concerning our expanding efforts to improve the quality of life of our Marines and their families.

Mr. DORNAN. Your full statement will go in the record.

General CHRISTMAS. I would say my full statement does address the specific questions that the committee has asked prior to the hearing, and I would also ask that I be able to deliver to you later a full posture statement that deals with the entire personnel circumstance and our challenge that we face throughout the Marine Corps in this area.

First of all, thanks to the support of the Congress, the direction provided and resource decisions of the Secretary of Defense, and the yeoman work of the Marsh quality of life task force, we have made significant progress. But the initiatives so graciously supported by you must continue. While we are meeting our goals, clearly we still have a long way to go to overcome the quality of life. There are short-falls which exist even after all of these great efforts that are being made.

The Marine Corps' main effort in our campaign to improve quality of life has focused on our junior Marines while ensuring a balanced approach with our career force. We remain committed to securing and programming additional resources to quality of life. However, quite frankly, we must temper this ambition with the fact that we cannot realign resources at the expense of operational readiness.

The first tenet of a Marine's quality of life is to bring him safely home from the battlefield. We will need the continued help of the Congress to close the quality-of-life gap, and I ask your support to concentrate our combined effort on, first, compensation; second, bachelor quarters; third, family housing; fourth, service member community and family support services; and certainly last but not least, morale, welfare, and recreation.

On a personal note, Mr. Chairman, as you have noted and certainly because there is an indication we will not be able to meet again with the subcommittee because of this scheduling crush we are all currently under, I want to inform you that I will be leaving the Marine Corps this summer after 34 years of continuous active service. I leave with a very good feeling. Because of the efforts of the Congress and the initiatives we have commenced, the quality of life of our Marines and their families is improving, but quite frankly, sir, this effort must continue. It just cannot be a flash in the pan. It must continue.

Finally, Mr. Chairman, there are fundamental truths of which your Marine Corps is well aware. Our reason for being is to fight the nation's wars and win. Equally, the American people expect their Marines to be ready for us, capable of performing whatever is required to protect our national interests. We clearly understand that your Marine Corps must always be the most ready when the nation is least ready. I assure you that we will be, but also remind that quality of life is an important factor in ensuring that readiness.

Mr. Chairman, subject to your questions, that concludes my brief remarks.

[The prepared statement of General Christmas follows:]

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NATIONAL SECURITY COMMITTEE

STATEMENT OF
LIEUTENANT GENERAL GEORGE R. CHRISTMAS
UNITED STATES MARINE CORPS
DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS
BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE OF THE
HOUSE NATIONAL SECURITY COMMITTEE
12 MARCH 1996
CONCERNING
QUALITY OF LIFE

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Quality of Life (QOL)

Mr. Chairman and members of the subcommittee, I am pleased to appear before this subcommittee on the topic of Quality of Life (QOL). Before I address your subcommittee's specific QOL questions/issues, I would like to provide you a general overview of Marine Corps QOL initiatives...

Taking care of our Marines *"IS"* QOL. Over our sustained history, we are a service that has been continuously dedicated to "taking care of its own." Whether that care-giving has been administered on the battlefield, or whether it takes the form of improved living conditions for our junior enlisted members; we have never and will never shy away from our sixth Leadership Principle: "Know your Marines and look out for their welfare".

Continuing social change in our society, has created an increased demand for QOL services and support. We have responded to this demand with an increased focus on all of our Marines' quality of life, with special attention toward the junior enlisted single Marines. The development of the Single Marine Program establishes a commander's committee with about 15 to 20 unit level representatives from across an installation. This committee identifies and recommends QOL issues and initiatives to be considered by the chain of command. There are five principal areas that the Single Marine program focuses on: health and wellness, life skills, community involvement, recreation, and fund raising.

At every level of our programming and budgeting process, QOL initiatives compete on an equal footing with other resourcing decisions. In both last year's and this year's budget, we included funding above historic levels that address many QOL initiatives including: construction of four new BEQs each year; continued construction and repair of family housing units; BEQ maintenance; BEQ furnishings; and new equipment for our individual Marines. Congress last year was instrumental in providing much needed assistance in the form of additional financing in all these important areas.

Our bases, and specifically barracks maintenance and repair, suffer funding shortfalls because of the fiscal realities of the tradeoffs between today's mission performance and taking care of our people for tomorrow. Last year's Congressional action provided considerable help in addressing our overall barracks shortfalls and we have included financing in this budget to continue to support our barracks's needs.

While our deployment tempo greatly reduces their discretionary leisure time, our Marines have documented specific needs and requirements. Research has told us that the care of the military family has a critical impact on readiness and overall mission success. In addition to supportive family members and a good place to live, Marines want to enjoy quality fitness, library, and recreational facilities in their off-duty time.

We have translated the Marines' needs into program goals designed to: eliminate the backlog of maintenance and repair in the barracks; modernization initiatives; whole room furnishings program and the reduction of the furniture replacement cycle to the DoN standard of seven years (the current is 13.6 years and in 1994 the average was about 25 years), and building new barracks to reduce our deficit of adequate billeting space.

The initiatives started last year by Secretary Perry to increase QOL funding for all service members will help improve conditions for our Marines and their families. Progress has been made within the DoN including: the establishment of a QOL Master Plan; the planned adoption of common standards and metrics for measuring quality of life program success; and the integration of SECNAV/CMC/CNO initiatives through the programming and budgeting cycle.

We have a parallel interest with the Marsh Panel in improving bachelor housing. QOL program additions include \$15 million for repair and maintenance of barracks and \$12 million in military construction in FY97. While still below FY96 funding levels, these additions allow us in FY97 to apply in excess of \$50 million to barracks repair and \$22 million to building approximately 680 new BEQ manspaces for permanent personnel, and \$18 million for 1,040 manspaces for trainees. Also as a result of the Marsh Panel and it's efforts to close the gap between BAQ allowances and out-of-pocket expenses, our Marines are spending less of their own money for off-base housing.

This budget includes \$518 million to support many quality of life initiatives. In the area of compensation, the amounts requested will support efforts to finance Basic Allowance for Quarters (BAQ) gap closure and funding for the recently authorized CONUS Cost of Living Allowances (COLA). In the area of QOL investment, this budget provides for construction of four new barracks and continued barracks maintenance and replacement of barracks furniture and furnishings. In the area of family housing, this budget supports the construction of 128 new homes and the replacement of 54 others. We are able to continue high levels of appropriated fund support to Morale, Welfare, and Recreation activities, achieving parity with the DoD average of about \$300 per Marine. Finally, we have included funding to support one of the most basic quality of life programs -- the provision of individual equipment for the Marine in the operating forces.

However, as the gap between requirements and resources widens, we recognize that future programming tradeoffs may continue to be necessary. Our readiness and operational responsiveness must remain our number one priority. And, although we view support for improved quality of life as part of the readiness equation, operational necessity precludes any further investment of Marine Corps resources beyond the current program and Secretary Perry's commitment.

Now to answer your questions on specific issues.....

PERSTEMPO STATUS REPORT-

FY95 saw the Marine Corps continuing to answer the Nation's call for well-trained, disciplined forces ready to respond to crises around the globe. Marines participated in and supported crisis response, humanitarian assistance, presence and peace keeping missions in the Caribbean, Balkans, Arabian Gulf, and East Asia. On any given day, an average of 24,000 Marines were forward deployed either supporting ongoing contingency operations or providing U.S. military presence where it was needed. The future in this changing global environment can only be expected to hold more of the same for the Marine Corps. We must maintain our capability to "fight and win" in a major regional conflict and be prepared to participate in operations ranging from disaster relief to crisis response short of war.

As America's "most ready and responsive force," the Marine Corps must always be prepared to respond to worldwide contingencies. However, this preparedness does not come without cost. We are forward deployed, that is what the Marine Corps is all about. We train for that purpose and our budget finances that forward presence ... therefore, the incremental cost of any contingencies involving the Marine Corps is relatively small. Nevertheless, these additional requirements increase the need for training and equipment maintenance; while at the same time, reduce the opportunity to perform those tasks.

In sum, during FY95 the deployment tempo for the operating forces of the Marine Corps (112,000 personnel) continued at its historical average; 25 percent of the personnel and 33 percent of the units in the operating forces were forward deployed away from their home station. This equates to 8 of 24 infantry battalions, 10 of 31 helicopter squadrons and 9 of 27 tactical fixed wing squadrons. Our most critical priority is to maintain the trained and ready total force of 174,000 Active and 42,000 Reserve Marines demanded by our national strategy and tasked by the Defense Planning Guidance.

SEPARATION OF PERMANENT NON-DEPLOYABLES-

The Marine Corps mission is to be forward deployed, however, we recognize that permanent non-deployable personnel make a great contribution to the efficient operation of the Marine Corps, and should be treated fairly.

With regard to HIV non-deployables: Since there are currently only 62 active duty and 19 reserve HIV positive personnel, we feel these numbers can be managed within our current non-deployable billets at CONUS bases and stations. As with the other Services, the numbers are so small as to have a negligible impact on personnel readiness.

PAY RAISE-

Our highest QOL priority is "Bringing our Marines home alive". Adequate compensation remains our next highest priority for a Marines' QOL. In this regard, annual pay raises, annual Variable Housing Allowance (VHA) rate adjustments, and Basic Allowance for Quarters (BAQ) compensation draw our immediate attention. Congress has fully supported these issues in the past, and we are confident of your continued support. On a particularly positive note, we have made measurable strides toward Secretary Perry's "BAQ Gap closure" efforts to compensate our service members more proportionately to their actual out-of-pocket expenses. Further, we note with pride your approval of this year's military pay raise and BAQ raise. Let me assure you -- Marines are not in it for the money! But, as with life's other difficult vocations -- *not* being burdened with the exceedingly frustrating distraction of inadequate pay and allowances frees a Marine to apply his or her total dedication to the task at hand. This remains an established theme underlying all of our quality of life efforts and falls into my previously mentioned category of "taking care of your Marines".

Regarding the FY97 pay raise -- We fully support the initiative. The ECI (Economic Cost Index) is pegged at 2.8%. Current law states that military and civilian pay raises will be computed based on ECI minus one-half of one percent (0.5%). The Administration has revised the FY97 pay raise to ECI plus two-tenths of one percent (0.2%) equals the 3.0% pay raise (2.8% + 0.2% = 3.0%). This pay raise is fully funded in FY97.

ADDITIONAL BAQ INCREASE-

We are very thankful for the 5.2% increase to BAQ for FY-96 which will help close the gap of the current 19.6% out of pocket expense. As you are aware, Congress has supported a maximum 15% out-of-pocket absorption for BAQ costs. While the last 5.2% increase is a positive step, we ask your support in further assistance to help reduce this inequity. The 97 pay raise increase will further help reduce this out-of-pocket housing cost. The Secretary has announced a plan that will maintain these increases to the year 2001 which will help reduce out-of-pocket costs.

COMMUNITY AND FAMILY SUPPORT PROGRAMS-

Research has indicated that the impact of the military family is a critical factor in overall mission success. In order to ensure a true state of mission readiness, the interdependence between the Marine Corps and Marine families must be addressed as a partnership. This includes an education forum to assist new Marine Corps spouses to prepare for and survive the challenges of being married to a Marine. The Marine Corps is currently developing a Family Team Building (FTB) program to better orient and equip Marine Corps spouses. By being recognized as a valued part of the Marine Corps team, family members develop ownership of the mission. The need for child care services has continued to grow as our family member population has surpassed that of active duty members. In 1995, the child development programs increased access to child

care spaces by 2,000 spaces. In FY97, we will increase capacity by an additional 2,000 spaces bringing us to a total of 14,000 spaces. Through our supplemental programs and Services initiative, which is offered at 17 installations, we increased the availability of child care beyond that which is provided in child development centers and family child care (FCC) homes. Additionally, we used appropriated funds to provide direct cash payments for spaces within FCC homes. This allowed child care services to be provided to eligible patrons at a cost comparable to services provided by military child development centers. This effort targets increasing the availability of full time care within homes for children under two years of age, and hourly care and extended hours care (duty related) for children of all ages.

Our 19 Family Service Centers (FSC) continue to be the main source of delivering support services to Marine families. The demand for services in FY95 surpassed all previous years. Services included requests for relocation information on new duty stations, counseling, educational services, and requests for referrals for a family member with special needs. The FSCs will continue to serve the thousands of Marines who separate and retire for the Corps each year through our highly successful Transition Assistance Management Program. The Marine Corps believes these fellow Marines deserve this kind of assistance following their honorable service, and our Commandant's current Planning Guidance reiterates this support. We view this program as having an immediate positive effect on those families moving into the civilian community and also as an investment in the future of our country.

The Marine Corps continues to lead the DoD in our Family Advocacy Program's Coordinated Community Response toward preventing and intervening in family violence, to

include soliciting inputs from battered spouses, community police departments, the civilian courts, and shelters to improve efforts in preventing and intervening in cases of family violence. Also, we have launched an extensive training program for staff noncommissioned officers outlining their roles in leadership and responsibilities toward the elimination of child and spousal abuse.

Our new parent support program is a child abuse prevention program which provides support services to new parents, including home visits for care and education, assistance with problem solving, and special support for high risk or troubled families. This program is highly effective, and critically acclaimed as an innovative prevention effort.

Additional care for our Marine Corps families is found throughout many of our community services. For example, Chaplains who serve with the Marine Corps provide spiritual support, but also are the first line of defense in Suicide Awareness training, domestic violence prevention, and pre-marriage counseling. Chaplains are particularly valued since, along with physicians, they are the professionals most likely found serving in support of our families, as well as in the field or on shipboard -- deployed alongside our young men and women.

MINIMUM INCOME FOR WIDOWS (MIW)-

MIW Survivor Benefit Plan (SBP) annuity was established by PL-588 on 1 January 1979. This provided an annuity to a widow/widower of a member who was retired or entitled to retired pay, and who died before 21 September 1972 or within one calendar year after that date.

The Veterans Administration (VA) is the administrator of this program, and determines the eligibility of the widow/widower based on income. As of 1 December 1995, the annual widow/widower's income had a limitation of \$5,488; MIW increases are linked to social security and cost of living adjustments/increases. If the VA determines the widow is eligible for an MIW SBP annuity account they coordinate with DFAS-Denver to establish the account. DFAS-Denver then pays the widow/widower per Title 38, Section 306.

As of 31 December 1995, the Marine Corps had 44 SBP annuity accounts averaging a monthly annuity of just over \$350.00.

TRANSITION ASSISTANCE MANAGEMENT PROGRAM (TAMP)-

The TAMP is a viable program which assists separating or retiring Service members, BRAC civilians, and their families make a smoother transition to the civilian community by providing pre-separation counseling and employment assistance as mandated by sections 1143 and

1144, Title 10 of the USC. Sections 1143 and 1144 make no mention of an ending date for the TAMP nor do they indicate the TAMP was a temporary program for the duration of the military drawdown.

The Marine Corps TAMP is fully implemented at 19 Career Resource Management Centers (CRMCs) with a dedicated and professional staff of 79 civilians throughout the United States and overseas. Over 200,000 separating and retiring Marines have benefited from the transition services provided since FY89, and approximately 40,000 members will transition to civilian life in FY97.

OSD funding for FY95 was \$5.0M and the same is expected for FY96. However, Congress is indicating a withdrawal of funding for FY97 and the outyears. Since the Marine Corps does not provide funding for this program, and if OSD funding is withdrawn, a reduction-in-force (RIF) would be necessary. The anticipated unfunded cost of a RIF of TAMP-funded civilian personnel in the Marine Corps would be approximately \$2.125 million.

Transition counseling is not an option. By law, the Services must provide and spouse the opportunity for individual counseling and well as other transition services. It is imperative that funding of the TAMP continue to enable our Marines a more favorable transition into civilian life.

RELOCATION ASSISTANCE PROGRAM (RAP)-

The Relocation Assistance Program (RAP) is a Congressionally mandated program. Marine Corps Order 1754.3, Marine Corps Relocation Assistance Program (RAP), was published 1 October 1992 providing centralized and standardized predeparture and arrival support for relocating active duty Marines and their families, Reserve personnel on extended active duty and transition personnel separating or retiring from active duty and their family members. In addition to the average 36,000 member annual rotation, DoD has authorized civilian DoD employees to receive relocation services, due to the base closure and realignments.

Supplemental OSD funding has supported most of our RAP. In FY97 an additional \$0.8 million dollars are needed to fund counseling staff increases to support quality of life initiatives.

Mr. Chairman, subject to any questions you may have, this concludes my remarks.

Mr. DORNAN. Thank you very much, General Christmas. We hear your plea that this is not going to be a 1- or 2-year fix. A belated happy 50th birthday to you, and I took note that your first three months in Vietnam was General McGinty's last three months.

And did you serve under one of my two good friends, Mark Ravelle or Ernie Cheatham?

General CHRISTMAS. I was one of Ernie Cheatham's company commanders.

Mr. DORNAN. He was a hero football player when I was a freshman in college, and Mark Ravelle was one of the better AAs on the Hill. It was tragic to see him die of natural causes such a young man. I went to his funeral, and it was very moving. Those were our two battalion commanders who, along with you, won Navy crosses in that battle at the Tet offensive.

Gentlemen, excellent panel, great statements from everybody. Let me defer to my vice chairman, Mr. Pickett, and then we will have questions, I think, for all of you starting with Mr. Pang.

Mr. PICKETT. Thank you, Mr. Chairman, and welcome to our witnesses this afternoon. I know the hour is getting late. I will try to be brief.

The first question I have is for Secretary Pang having to do with the effort to reduce out-of-pocket housing expenses for our military for those that live off base. Last year, Mr. Secretary, you recall that this effort received a fair amount of publicity where we were moving to reduce the out-of-pocket costs to those military members who were required to get their housing off base. And in this year's budget we don't see much continuity has been provided to continue this effort.

Can you comment on this and tell us what will be done to try to continue the effort to reduce the out-of-pocket costs for military members living off base.

Mr. PANG. Yes, sir. First of all, we thank the Congress very much for the increase in BAQ last year. It was more than we had requested, and it was necessary to help close the gap.

Right now the gap is at 19.6 percent. What we would like to do is get down to 15 percent. In the 1997 budget, we have put in enough money to maintain the gap at 19.6 percent in BAQ.

We have put in a 3 percent pay raise for our people, and this is more than the ECI minus 0.5 would normally permit. If we were going to follow the normal formula for pay raises, we would have given a 2.3 percent pay raise for military personnel in fiscal year 1997.

So, by going to 3 percent, that will help somewhat reduce the absorption rate. The reason we didn't take another step to close at even another percentage point is we are now embarked in another major housing review. As you know, 30 percent of our people live on post and 30 percent live off post. We are looking at trying to leverage the private sector to help with us our housing problem because, quite frankly, about two-thirds of our housing infrastructure is substandard, and we have this absorption problem with regard to people who live off post.

So what we are trying to do is take all of the resources that go into housing, in other words, housing allowances, the VHA, these housing allowances, and see what we could do putting that money

in one pot and try to fix this housing problem systematically. We have never done that in the past. We have always had on-post housing, off-post housing falling into the personnel realm, and have never brought the two together. So that's the effort we have undertaken.

And rather than take funds and close the gap another percentage point, thinking in the Pentagon was let's get all the facts on this issue, put it all together first, and then see what it is we really need to do, because we are going to embark on, quite frankly, if this is approved, a substantially different way of providing housing for people.

Mr. PICKETT. Thank you. The next issue I want to comment on, and this maybe is not a question because I understand the issue, and that has to do with impact aid. When a business is looking at where it's going to locate, one of the first things that it begins to consider and evaluate is the public school system. And in those communities where there is a significant impact from the military presence, the impact aid has made the difference between a minimum education system and a quality education system. That's been the case in the two communities that I have represented, Norfolk and Virginia Beach.

I know this is a difficult program to continue. I understand politics; and the smaller the constituency becomes as a result of the closing of bases and so on, the less of a voice that they have in the counsel's ear and the Congress. But I would urge you and the military departments to realize what you are dealing with here is not just a flow of money, but you're dealing really with a quality of public education in the communities where your families are going to be located. And it does make a big difference, and I hope you will all work to try to maintain a reasonable level of impact aid for these communities.

And then, mercifully, I have the last question coming, and this is going to be for each of our personnel service chiefs here. And I want you to listen carefully because I would like each of you to take a stab at answering this.

It has to do with the personnel TEMPO issue. And you made reference to this based on the downsizing and also on the special demands on certain units; but the question I have is, Have each of you taken into account personnel, the effect of downsizing on your personnel TEMPO, and are there measures being taken to try to minimize what may be called excessive or high-level personnel TEMPO, particularly for the units that are called upon repeatedly to carry out their unique kinds of activities?

And then the second part of this question has to do with the day away means a day away, and I would like to know if your respective service has adopted the day away means a day away as a way to quantify the impact of personnel TEMPO? And if you have not adopted, are plans underway to move in that direction to give us some uniformity among the military services on this issue?

General STROUP. Thank you very much. Sir, on the sharing of the load, before the drawdown started for the Army in the 1988, 1989 time period after the wall came down, you recall that we were a forward-station force where a third of our force was in Germany and an equal or smaller number was stationed in Korea. Now we

found ourselves downsized, and we have also found since 1989 our operational deployments, whether it be a Somalia or a Hurricane Andrew in Florida or a Haiti or Bosnia or firefighting in the mountains east of Seattle, we found the increase of that four units has been up 300 percent.

Because of that, we have taken the practice and the philosophy that we must share the load. I think that's best demonstrated by the fact that you had light infantry units from Hawaii replacing a light infantry unit in Haiti. The 25th Division replaced the 10th Mountain in Haiti on deployment.

We had the 607th Brigade out of Alaska moving to Guantanamo Bay for one of its rotations and replacing yet another con unit. But also in our deployed force that we have on the continent of Europe where the 3d of the 325 employed out of Vicenza went out into Bosnia as the securing force along with the company of marines, and now we have rotated them back and we are preparing to rotate them, replace them on rotation with a light infantry airborne battalion out of Fort Bragg.

We have also changed our philosophy in the utilization of our Reserve components. We had a very successful deployment in the Sinai peacekeeping force which was a mixture of Army Reserve, Army Guard, and Active Army.

As we looked at sharing the load, we changed the way we task the units that go across. I believe that we will further explore that as we look at the final stationing of our force structure when we get our ten divisions in place.

With respect to the day away, when we were asked by the Defense Commission or the Readiness Commission to take a look at the PERSTEMPO, General Sullivan was the chief. We looked at what our behavior had been in the past and what our culture was, and we made a service decision that a lot of the rotations that we were making to our training centers, whether it be the training center at Fort Erwin or Fort Polk, that those rotations to our combat maneuver training centers at that point in time would not contribute to our accounting of personnel TEMPO, and we looked at the way we would measure personnel TEMPO in terms of both skilled employment, the serviceman's MOS, and would also look at the unit deployment.

As we have looked at this over the past year or so with a new chief, who has been dialoging with the former chief, as I mentioned we are now in the process of saying are we measuring it the right way based on the issue that was raised by the Marsh task force. Both the DESOPS and the Army and I are looking at this together, and we will report to our chief we do have an effective way of measuring that vis-a-vis the Marsh task force by this summer.

Mr. PICKETT. Thank you.

Admiral Bowman.

Admiral BOWMAN. This month CNO was interviewed in the Retired Officer magazine, so this is a March 1996 quote that I would like to read. What the quote says was, you want to be able to say we are doing more with less and everybody is out at sea a whole lot more, but when you look at the numbers, people are going to sea when they are supposed to go, they are coming home on time, and they are having the requisite time between deployments.

That's the part I referred to earlier as being counterintuitive or counter to the logic of the stated facts that commitments are staying the same or going up, and the infrastructure is going down. So how are we continuing to meet these PERSTEMPO requirements?

Here is how. There were some innovative solutions I think. We are meeting these PERSTEMPO requirements today. Admiral Borda and I have talked; and several of our conferences have generated ideas that, first of all, remove some of the training and certification that used to be done in and out of port. When a ship is not deployed, we used to do a lot of certification in anticipation of the next deployment at sea. We used to do a lot of the training at sea. Admiral Borda directed that we look hard at doing that training and certification while we are on board the ships en route to the deployment site instead of a special trip in and out of port to reduce the times out of port.

As you know, we went from 15 carrier battle groups to 12 carrier battle groups. We did a little bit of risk management. We looked at what the threat is. We looked at what might be coming over the hill. We recognized an opportunity using risk management to reduce the total presence in the various areas. We used to have here 100 percent presence in the Mediterranean and in the Persian Gulf and Indian Ocean and Western Pacific. Now we are doing a little time sharing. That's why we see on TV today that two of those battle groups are steaming at top speed to meet with the requirements. That's a little bit of sharing the commitment among the resources that we have left.

We used to send our carrier battle groups to sea with nine escorts, nine destroyers or cruiser escorts. Today we send those battle groups to sea with six cruiser or destroyer escorts. Not losing anything in doing that because today's six are more and have better capability than the nine did a few years ago.

We are training to need. We are no longer insisting that every ship be fully capable of performing all the missions that it was designed to perform when it deploys. Rather, we are looking at the area that the ship is going to deploy to, and requiring training just for those missions that he might anticipate. For instance, today in the Adriatic, there are no submarine threats so we can reduce the required term for submarine warfare in sending the battle groups to the Adriatic.

We formed a complete Southern Hemisphere group which removed the requirement for our ships when they returned to port to spend some period of time on the drug operations. We have a special group of people—a battle group—trained to perform that specific mission.

So through these innovative techniques, risk management and taking advantage of ideas that have to do with training and certification en route, we have been able to hold the PERSTEMPO and OPTEMPO to meet our rules and to meet what we wanted, while still fully assuming the commitments that have been assigned.

From the second question, the Navy has had as its third measure of PERSTEMPO, a day away equals a day away. There are three measures of personnel TEMPO that we have been using now for over 10 years. The first is deployments last no longer than 6 months from port to port.

The second is that when that group comes back, they won't go back again for deployment unless they have been back in port for greater than two times the period of time they have been gone. That's called a 2-to-1 turnaround ratio.

And the third is a careful calculation and monitoring of the days out of home port on a 5-year basis, and we carefully calculate and monitor those. Schedulers use that. If it looks like people are slipping into negative days out of home port, then the scheduler will know not to use that unit for some of the operations that might be coming up in the future. So the Navy is using a day away equals a day away.

Mr. DORNAN. Would the gentleman yield? We have the State Department authorization bill up, and most Americans are totally unaware that last year the House—it was accepted in Congress by the Senate—voted no more money to enlarge the Embassy in Hanoi until they're more forthcoming on our missing in action. General Stroup, your bio wasn't here, about you having had two tours in Vietnam?

General STROUP. I had one continuous tour.

Mr. DORNAN. You left men there missing in action. You had marines go missing in action, not many, but a lot of civilians missing, like 5,000. And 1967, the first big year of SAM's, every pilot was considered an air pirate, and they never announced anybody that they had, it was all imprecise. So we are fighting this nightmare, and I have to get over to the floor to speak for a couple of minutes, and it's so important. I can't believe it's been a year since you were last here. It's so important to have these personnel chiefs here that if Congressman Buyer of Indiana will take the chair, go as long as you want. I will try to get back. If I do, fine. I would hope you people indulge us to give us as much time as we need here.

And I would just like to ask one pay raise question, Secretary Pang. It's a little bit loaded, but I think it's important that we establish something because there has been mixed signals from DOD on this up to the top. I was obviously pleased to see the 3 percent pay raise. In the hearing from the Marsh Commission, it was interesting to see what affects morale. It isn't always pay. But when I go out in the field, even Tuzla, most of the young men and women who knew who I was thanked me for the BAQ and basic pay raise. Now, I believe the pay gap with pay raise in the private sector is still being a problem, and eventually it can hurt recruiting and retention. The pay raise question boils down to incremental, carefully implemented, to control the increase in the pay gap or very expensive fix later if the system breaks. A 3 percent raise is not a total solution, but when compared to the 2.8 percent increase in the employment cost index, at least it's keeping pace and helps to the 0.2 percent extent.

The question I have is this: Why did the administration choose 1997 to include this 3 percent pay raise? You were starting to answer it. They have shown little interest in protecting the income levels in the first few years. As you may recall, the administration wanted a pay freeze in fiscal year 1994, in their first year of 1993, a below standard 1.6 increase for fiscal year 1995. In both years the Congress insisted on both sides of the aisle on some level of a normal pay raise. In fiscal year 1996, the administration declared

the maximum by law pay increases would apply in 1996 and the years beyond.

In fact, the fiscal year 1997 budget declares that the administration will return to that maximum-by-law formula all the way through 2007. And that's no matter what happens on November 5. That's another president away. We all know that the bylaw formula is inherently inadequate. It causes a 0.5 percent increase in the pay gap each year, half a point. It would be, in my view, that military personnel need something better than the bylaw formula.

So Mr. Pang, why did Mr. Clinton elect to grant this reasonable pay raise in 1997 when he was unwilling to provide adequate pay raises in the past and will refuse to provide adequate pay raises again in the future until long after he's left office even by his plan when he's going to leave office? Please answer that, and would you take the gavel, Mr. Buyer.

Mr. PANG. Mr. Chairman, the pay raise that we have for fiscal year 1997 was really set back in December 1994. You may recall that a little bit over a year ago, the President plused-up the defense by some \$25 billion. It was at the tail end of the programming year for fiscal year 1996. And that \$25 billion was added to the defense program. In other words, it was beyond fiscal year 1996.

So, in the budget at that time, we programmed a 3 percent pay raise across all of the years, really with the objective of trying to close the pay gap. That decision was made over a year ago in December 1994.

In the program this year—in other words, the program that supports the fiscal year 1997 budget, the pay raise in the out years is 3.1 percent. Funds have been set aside for that. When \$25 billion that was set aside back in December 1994, \$7.7 billion of that amount was put in for the pay raise.

As you may know, in the past, every year, military personnel have to worry about what the pay raise was going to be because in the past pay raises were never put in the budget in the out years. It was a fact-of-life payment that had to show up, and when it showed up, you had to pay it.

We made a conscious commitment back in December 1994 to put in a pay raise for the full amount of time, so the pay raise is three percent for fiscal year 1997, and 3.1 percent beyond that. Then the funds for that are set aside.

Mr. BUYER. It would be an error, then, for me to say it's mere coincidence to say it's a presidential election year?

Mr. PANG. That's correct, sir. The decision to plus up the \$25 billion was done in December 1994. That was after the 1996 budget was submitted, too late to get the money into the 1996 program, but that was when it was done, and it's open to audit. That is precisely it.

Mr. BUYER. I also stood on the Veterans' Affairs Committee, and I know that when the President submitted his 10-year budget resolution, that 10-year budget in June, there were \$15 billion in reduction of VA budget, but there was a plus up in 1 year. Which year do you think that was? It's this year. It's for the 1997 budget. Coincidence? I guess I'm a naive country boy.

Mr. PICKETT. We had two questions that I started with. I think we had two responses. General McGinty if you would, please.

Do you recall the question?

General MCGINTY. I think so, if my notes are good.

Mr. PICKETT. I'm sure they are.

General MCGINTY. First of all, in measures with the downsizing to control the PERSTEMPO, one of the things that Admiral Bowman mentioned, I think, is very important, and that's giving people proper notice that they are going to go. In all my years in the military, if you knew that you were going to go TDY someplace on a given date, would be gone for 1 month, 1½ months, that's a lot easier on your family than if you're told, well, you are leaving tomorrow for 1 month. So I think all of us working to provide proper notice to our people when they go on these deployments is an important step, and we are trying to do that with more advanced scheduling.

I mentioned in my opening comments the three efforts we have made to reduce OPTEMPO in the Air Force, reducing the taskings like the AWAC's, using the Guard and Reserve more, and the Air Force has that easier than the other services. Somebody earlier on the Marsh panel mentioned how the A-10 squadrons from the guard and reserve are deployed at Aviano to free up that heavily tasked unit. We also started a tracking system where we are tracking the TDY rates that people have.

Today I would tell you that that's a manual system. In every orderly room, they are punching in when somebody goes TDY, and that's an awful manpower-intensive thing, but it's given us some data. We hope to be able to tie that into finance system so when a person submits their travel voucher, we'll be able to capture how many days they were gone.

One of the very important things we did was set a goal, and that's a max of 120 days a year TDY, and that's given us a target to focus on, and that's like 1 out of 3 days away from home, but that's better than what it was—kind of floating without any kind of goal.

Some of the little things we have done to help out is when a person is TDY overseas, when they come back, we adjust their overseas return date so that they don't have to go back overseas again as fast as the nonvolunteer. The other thing we do with our enlisted people is they get promoted by tests. If they have been overseas on a contingency deployment, when they come home, we give them some time before they have to test so they could properly study so they don't have to walk in day one and take a test that affects their promotability.

And we have started to increase the distance learning business. We have a television network now, so some of the technical training courses are connected with the Guard and Reserve. In days of old, somebody would have to come home from a deployment and go TDY to some sort of training that may be delivered by television via satellite right at their home base. Those are some of the things, but I'm sure there is more that could be done.

In regard to the second question of the day away, as I say in my comments, the day away is the day away.

Mr. PICKETT. General Christmas.

General CHRISTMAS. I'm really pleased to bring up the end here and tell it as we do it.

First of all, it's important to understand that Marines are deployers. That's what we do. If you are in the operating forces of the Marine Corps, 112,000 of the 174,000 Marines that we have, you could expect that one-third of your time you are deployed, one-third you are in intensive training, the last third is you just come home, and you work up for that and you make that time before you go into that training cycle to work up again for that deployment while you are with those operating forces.

I would be very honest with you. We are at our bottom line with the 174,000 Marines. We determined that figure, and that figure was accepted by help of the Congress by understanding what it takes for the Marine Corps to fulfill the missions that the national command authority in the nation has given to us.

When additional deployments, whether it be Aviano, whether it be refugees in Cuba, whether it be Haiti or whatever, whenever they come along, obviously those are additive. And as has been expressed here, that 174 is, in fact, our very bottom line, and we are stretched thin, as are the other services.

We, too, however are doing many things to try to alleviate that OPTEMPO, that PERSTEMPO, by aggressive measures, whether it be the use of reserves, whether it be the use of better training and better training organization and planning. We have created a system called the TAEP, training and exercise plan, which brings everyone together in our forces, including our reserves. It sits down and sees what the obligations are, and then quite frankly it fits those units to it based on what the cycle is and where it stands, and that has helped to alleviate the PERSTEMPO.

Battle Griffin, a large exercise that is currently ongoing in Norway, is being conducted by a Marine Corps reserve with augmentation from the active component. That exercise would have been conducted by the Marine expeditionary force being overcommitted at the time that the Reserves were able to pick that up. Like our fellow services, we too are reaching out and truly using the integrated total force.

* As far as the duty away or the day away, we certainly use that to some degree, but we would caution as Congressman Skeleton did that it's very difficult because all of us are different. While we use the day away—that is, if I'm deployed for 6 months—each one of those days counts, and that goes into my record and that will count as to the next time I might be assigned to an operational unit and to an unaccompanied unit that might deploy. At the same time there is also training built in that is really required and really shouldn't fit necessarily in that day away category.

So the point that I would make is I would just caution that whatever system is developed, it must be a system that truly looks at the unique requirements of each one of the services. I hope that answers your question.

Mr. PICKETT. Thank you. Thank you, Mr. Chairman.

Mr. BUYER. I want to make a comment to you, Mr. Pang and Admiral Bowman. When I made a comment about it shouldn't be Snuffy Smith, it should be Rupert Smith, it has nothing to do about

the credibility of that honorable gentlemen. It has to do with the policy.

Mr. PANG. We understand.

Mr. BUYER. I want to make sure I'm clear on that so I don't read it later on.

One thing that did move me somewhat was your comment, General McGinty. That a war story has nothing to do with personnel issues. *Au contraire*. I think it has everything to do with it because what we are trying to do here is not only fit but to fill the Nation's finest at the time of need, and that's what personnel issues are about: Recruiting and retaining the finest men and women in our country that we have to offer at a particular point in time. So I disagree with you. In your humility, you don't want to discuss it, but whether that service is credible and honorable at the time of peace or time of war, I think it's pretty important.

And at a time when I walk into a school and I'm there with fifth graders or seventh graders and I ask them what do you want to be when you grow up, half of them raise their hand, they want to be a sports hero. I sit here and say, to me it doesn't equate, or it bothers me when school children are equating a hero as someone with orange hair who lays down on a bench and takes off his shoes at a basketball game.

When I look at you four gentlemen, I see a bronze star with an oak leaf cluster and your distinguished flying cross and your Navy cross, you are the heroes of the country. So when you say your war story has nothing to do with personnel, *au contraire*, it has everything to do with personnel.

The writers out there, they like to write about more war as some form of glory. They have no idea what the hell they are talking about. You three know and understand that. War is not glorious. It may be in verse or prose, but in reality it's not.

So making sure that we are fit, well trained, and have modernized force is pretty important.

General MCGINTY. Let me clarify that. Of all the issues I prepared for to come over here today, talking about Thailand in 1966 and 1967 was a bit of a surprise. That's what I meant.

Mr. BUYER. I'm not here to quibble with it. That's the sincerity that drives. I know you, and also Mr. Pang and this committee knows. How awful I would feel if we took America's finest and we put them on the field and they were not prepared. I would feel pretty sick, and so would you. Unit cohesion and morale and all that is pretty important. If we got a soldier that's not ready or got a soldier that's worrying about his family, he's not concentrating on what he should be doing at the small-unit level, and that does not define success because that's where it's measured, is the small-unit level. That's what Marines tell me all the time. Is that correct?

General CHRISTMAS. That's correct, sir.

Mr. BUYER. I have a series of questions. One deals with, in your statement, I think the Air Force was the only one in their written statement I noticed that addressed the PCS. Do you have some specific recommendations to this committee on what we should do to offset some of those PCS costs? And if so, please fire away.

General MCGINTY. I will address it this way, and it was mentioned earlier. Our survey data shows that people are getting reim-

bursed about \$2 on every \$3 that they spend, so they lose about \$1 on every \$3 they spend when they go PCS, so there is a need there, I feel. And that need, then, must be balanced against the other compensation and quality of life programs that we have. There is only so much money to go around.

Mr. BUYER. Let me pause here for a second. With the administration's request for a pay increase, that in no way has a detrimental impact upon any increases in this area, is it?

General MCGINTY. No, but it has to be balanced.

In 1997 we have two things to look forward to help on the PCS area. One is paying the person for their round-trip travel to and from a port to pick up their automobile. And second, if we send a person overseas where they can't take an automobile, we will pay to have it stored rather than forcing the individual to sell it or pay for it out of his pocket. That, for example, is Japan. We can't ship cars over to Japan.

For 1998 we are working with OSD and with the other services through the unified legislative budgeting process that was established to look at other avenues to help compensate people for the PCS moves. Such things as perhaps increasing the dislocation allowance, which is about 7 years since it was last updated, perhaps adjusting the mileage rate you are paid when you go PCS for driving your vehicles, or authorizing temporary living entitlements for our first-term people—all initiatives that would help defer the cost of moving people around.

Mr. BUYER. Give them a priority.

General MCGINTY. Two for 1997, and hopeful they will be addressed. In the 1998 area, I would think that we would like to see if there is money available, again balancing it, for the temporary lodging entitlement for our junior enlisted people on their first duty assignment would be an important one. Then some multiple greater than two perhaps for the DLA or the dislocation allowance, and then finally increasing the mileage allowance.

But I would caution you that the DLA and the mileage rates are both expensive items, and that's why we are agonizing over how best to size those.

Mr. BUYER. Anybody else have any comments?

General STROUP. I would say from the Army's standpoint that we are right in parallel with the Air Force, and I think with the other services. You will find we have been working together as a team packaging and putting together a priority effort with a lot of staff work laying out these items that Mike McGinty just talked about.

General CHRISTMAS. I would just add that the criticality, and General McGinty has really said that in his initial portion of responding to your question, is a balance, and that is what is critical to us. There are so many quality of life programs. We have got to balance them based on the ability, in fact, to afford them, and put them in an appropriate priority. And we are all working very closely together to try to determine what that priority should be.

Mr. BUYER. I chaired one of my own hearings on the Veterans Affairs Committee on the GI bill, and my question to you, Mr. Pang, is what is your view about the differences in tuition assistance between all the different services and whether or not that

should be placed under one umbrella. I would be interested in your views.

Mr. PANG. Mr. Congressman, quite frankly the tuition assistance program up to very recently until Mr. Marsh and his panel began to explore quality of life on a broad basis, was really left up to the services. We have just begun to focus on tuition assistance in terms of whether or not it ought to be uniformly applied to all services, the funding levels, et cetera.

But what we are about doing now is establishing measures and goals for each one of the services. They're broadly written. We are going to definitize them. We are not trying to do this on a cookie-cutter basis. In the budget for fiscal year 1997, we got about, as I recall, \$234 million roughly for tuition assistance.

The question is: Are we leveraging that money properly to get the best bang for the dollar? We need to be innovative. We need to look at distance learning, for example. We need to look at the way the Navy, for example, delivers very innovatively education to people afloat.

So all those kinds of things we are looking at with a view toward leveraging the dollars, establishing the standards so that they could—general standards and guidance to the services. We looked at one notion of a per capita sort of spending for tuition assistance. I think that's hard to apply to services because they operate differently. You have got lots of folks afloat who want to learn and advance. That takes a different set of dollars to fund, whereas you have Army and Air Force units that are home based, by and large, and you deliver that education differently.

We are looking at all of that, and hopefully in the next several months we will be able to come up with a good program for tuition assistance for people.

Mr. BUYER. I will keep my eyes on it. Let me share with you where I'm coming from. A lot of people may think that the last institution to restructure is going to be the Pentagon. I disagree. I believe it's going to be the colleges and universities.

And the way they have moved in with their hands out for research and grants and sports, education has become a side light, and trying to get them to restructure while they are begging more and more. At the same time, if the President says we will give a \$10,000 deduction, that sounds good, but we are putting it off later on, and how are we going to force them to restructure?

With the GI bill, you are using that as a recruiting tool, but pouring more money into that really concerns me. I want the restructure to happen at the same time, and leveraging that dollar is pretty important if it can be placed into or linked into career guidance. So I almost look at this as a dual purpose, not only career benefiting to the NCO corps—maybe this is wrong for me to say, but I'm more concerned about the enlisted corps than I am a captain getting his master's degree. I apologize for that, but that's where my concern is, because I recognize that with them rotating out of the service and what draw that has on the GI bill, at the same time we've got good tuition assistance and counseling, maybe we could energize them to stay in the service, and at the same time if he gets out, what tremendous benefit that has.

The reason I think about this uniformity is with regard to your ability to negotiate credits with colleges and universities, whom have created an industry. It's not in their interest to give credits. If those colleges and universities want to create an industry, take away their tax status and see what happens. We will get an instant reply. I wanted to let you know where I was coming from on that, and I would be interested to see.

Mr. PANG. You are right. The Montgomery GI bill is a great attraction for people to sign up and come in the military. Once they come in the military and they choose to stay with us, because they have contributed to the Montgomery GI bill, we really have an obligation for them, if they stay with us in service, to have some way of getting a return on their investment, which was into the Montgomery GI bill, which most will not use if they stay with us to retirement, and we are conscious of that, sir.

Mr. BUYER. I have been provided a question here to ask you, Mr. Secretary, that says based on the material provided by Secretary Perry in his briefing to the full committee, it's clear that after fiscal year 1997, DOD and the services apparently intended to push active duty end strength well below the floors mandated by the Congress. The Army could be as much as 20,000 under the Air Force, 6,000 under the Navy at least, at least a thousand under, not only like your comment, Mr. Secretary, but also the other witnesses, if the proposed reductions are mandated by DOD, what's the rationale for the reductions?

Mr. PANG. Mr. Congressman, the section 401 of the National Defense Authorization Act for fiscal year 1996 established end-strength floors for each one of the services, and as Congressman Skelton pointed out, that's the law of the land.

The Army's end strength number is 495,000. The Navy's number is 395,000. The Air Force is 381,000. And the Marine Corps's is 174,000. Those are the floors established in law. In fiscal year 1997, none of those services go below those floors.

And then the law further states that if we intend to implement a strength level, all the floors established that we have to provide rationale to the Congress and seek a change to the law. We have not done that. I think what you have looked at are some programming documents, and quite frankly the end strengths that you see are a product of a long process.

The determination of end strengths really start off with an assessment of the threat, the forces that you need to counter the threat, the units that then flesh out those forces distribute among the services, and then the fleshing out of those units with people. And the defense guidance to the services is that they use that process so the outcome, which is numbers, should be an outcome of that process.

Now, I'm a realist. I also know that once you've done that, and you come up with a number, you are also constrained by the amount of dollars that you have in your top line in a particular service, so there might be in some cases an arbitrary, really, reduction, the percentage reduction to end strength. But at this point in time we have no intention in the Defense Department to violate the floor.

Mr. BUYER. General Stroup, are there any pressures on you to carry this below the floor?

General STROUP. No, sir. We are currently working on 495 for this year. The new chief and myself are working on keeping us at the floor at 495.

Mr. BUYER. I got one quick one, and I will yield to Mr. Montgomery.

General you made comment about your spreading the OPTEMPO with the Air Force by greater integration with the Guard and Reserve. Recognize that when you do that, I know you have tremendously increased the OPTEMPO on the Guard and Reserve, and these young men and women are deployed a lot, a lot more than any of the other services, and be very cognizant of the stress you are placing on them with regard to their employers; and not all of their employers are as compassionate, and we are driving some of them out because of it.

It was crushing to me about 2 years ago when I was in American Legion hall and someone who had almost 10 years of service left because of that, so I just want you to remain close to it.

Did you have any comments?

Mr. MONTGOMERY. Only one comment as to Fred Pang. I hope you look into the long program for active duty military who own their own homes. The Veterans Department has asked for this, and you have been sent a lot of information on it. I certainly hope you take a look at it. Are you familiar with what I am asking you?

Mr. PANG. Yes, sir. My boss has received a letter from the Undersecretary of Veteran Affairs, and asked him to work with the Veterans Affairs Department to explore the authority we have been given to come up with a plan of action. That's under active consideration now.

Mr. MONTGOMERY. Thank you.

Mr. PICKETT. Nothing further.

Mr. BUYER. Let me conclude by thanking all of you for coming to testify, and General Christmas, I congratulate you on your honorable career. Our country thanks you.

General CHRISTMAS. Thank you.

Mr. BUYER. This concludes the hearing.

[Whereupon, at 5:50 p.m., the subcommittee was adjourned.]

[The following questions and answers were submitted for the record:]

ASSISTANT SECRETARY OF DEFENSE,
Washington, DC, April 10, 1996.

Hon. ROBERT K. DORNAN,
*Chairman, Military Personnel Subcommittee, Committee on National Security,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: Enclosed are responses to the questions for the record posed to me from the March 12 Quality of Life hearing. I hope that you will find these answers responsive and helpful.

Thank you again for the opportunity to appear before your subcommittee.

Sincerely,

F. PANG.

RECRUITERS' MORALE

Question. What are DoD and the Services doing to enhance on-the-job conditions and quality of life for recruiters? Specifically, would each of the panel members com-

ment on their support for relieving recruiters of CHAMPUS copayments and providing leased family housing.

Answer. In August 1994, the Department addressed the issue of TRICARE Prime for members and their dependents in areas outside the normal TRICARE Prime coverage. As a result, the Department will demonstrate the concept of TRICARE Prime support to such members and their families in the Northwest (Region 11) beginning this year. The demonstration will offer TRICARE Prime for active-duty members regardless of assignment location within a region. This program, if successful, will increase the number of accessible health care providers, improve responsiveness to provider claims (reduce time to pay bills), and eliminate out-of-pocket expenses for recruiters and their families.

The Department has established a special committee to evaluate housing allowances and leased family housing. The committee is considering using Runzheimer's survey data for local housing costs to establish VHA amounts in high-cost areas not near military bases. The Department's Seventh Quadrennial Review of Military Compensation determined that Runzheimer International is the best source for measuring cost-of-living differences. Should this approach prove feasible within the Department's absorption goal, the Department will report the results to Congress by May 31, 1996, and prepare appropriate legislation. If feasible, this approach to establishing VHA rates would significantly curtail the need for leased family housing.

Question. What other solutions are being worked by DoD and the Services?

Answer. The Department recently completed a Joint-Service study of recruiter quality-of-life initiatives focusing on health care, housing, pay, child care, and miscellaneous areas like out-of-pocket expenses, toll-free 1-800 numbers, reduced work hours, health club membership, and expanded use of Government vehicles. The study recommends a permanent quality of life committee to oversee and report on issues relating to quality of life for recruiters. A report, detailing findings and recommendations, has been provided to the Services for review and comment. In addition, the Department will conduct another recruiter survey this year to determine the effects of the recruiting management initiatives we have implemented over the last 2 years.

Question. Have all Services been able to provide funding for the Special Duty Assignment Pay (SDAP) increases in 1996 that Congress authorized? Will the Services use this expanded authority in fiscal year 1997?

Answer. All Services have implemented SDAP at the maximum monthly rate (\$375) authorized by law, effective April 1, 1996. The Services will continue SDAP in FY 1997 at the maximum rate authorized by law.

RETENTION NOT AS GOOD AS IT LOOKS

Question. Can we now say with confidence that the good retention rates experienced during the drawdown will continue?

Answer. Yes. Our healthy and stable retention rates are the results of the careful planning and execution of our retention programs (Selective Reenlisted Bonus, Aviation Career Pay, and Aviation Career Incentive Pay), quality of life of our force and its readiness. Today we have a force that is smarter (percent of enlisted personnel scoring above the national average on aptitude test rose from 56% in 1987 to 64% in 1995), more experienced (average age rose from 27.3 to 28.6), and more diverse (minorities and females have increased their proportion in the enlisted and officer ranks). DoD has also been able to maintain reasonable promotion flows and largely avoid involuntary separations. Key to retaining our high quality and uniquely talented individuals is our commitment to treat people fairly and fully utilize their talents and the continued congressional support of our retention programs.

Question. Will the continued reduction in end strengths reflected in the FY 97 budget request cause retention problems due to increased PERSTEMPO?

Answer. The Services will have reduced their military end strength by almost one-third since 1987—from a high of 2.2 million to 1.5 million by the end of fiscal year 1996. Our retention has not suffered during this period of instability and turbulence, and we do not anticipate it will in the future provided Congress continues to fund retention incentives at appropriate levels. We realize, however, that increased PERSTEMPO can possibly impact retention, and we will continue to closely monitor our retention as we approach the end of the drawdown. Our data do not indicate retention problems associated with PERSTEMPO. As I indicated in my oral statement, the Department has taken action to address PERSTEMPO in those weapon systems and mission areas where we saw very high PERSTEMPO levels.

MINIMUM INCOME WIDOWS

Secretary Pang, the subcommittee has encountered a major problem in coordinating the two Minimum Income Widows (MIW) programs conducted by the Department of Defense and the Department of Veterans' Affairs. The lack of coordination causes aging widows to be subject to very stressful and sudden losses of benefits.

Question. When will DoD and VA fix the coordination problem and what is the long term fix to protect these aging widows from abuse?

Answer. Prior coordination problems should now be resolved. The Defense Finance and Accounting Service (DFAS) in Denver is now coordinating questions on widows' income and benefits with the Denver office of the Department of Veterans Affairs to insure consistent determinations between the two departments.

The main problem in the past occurred because some Service finance centers did not annually validate the widow's income and thus failed to terminate in a timely manner many payments to widows whose income exceeded allowable limits. Payment of all widows' benefits is now consolidated at DFAS Denver where the income validation is being done annually, making the income limits more visible to the annuitants. This should avoid the problem of creating debt through overpayments. In this regard, we thank the Congress for the legislative waiver of old debt attributable to prior DFAS procedures.

A long-term fix would require legislation to restore the program to resemble the original program in which DoD raised the incomes of these widows to a specified minimum level and the VA added additional income to raise their incomes about 50% above the DoD level. We are currently preparing a report to Congress which will provide more details and specific options.

IMPACT AID UNDER ATTACK

Secretary Pang, as you know, this committee has taken an active interest in providing supplementary impact aid payments to local educational agencies heavily impacted by large populations of military students. The principle is simple, the military must be prepared to take care of its own children. This is especially important in light of the reduced impact aid budget within the Department of Education.

It has come to our attention that the Department of Defense has decided to reprogram \$5 million from the \$35 million authorized by the committee for FY 96. I know I speak for a number of members of the committee when I say that the committee is very disappointed with this decision and would oppose such a reprogramming.

Question. Would you care to provide the Department's rationale to support this reprogramming?

Answer. The Department reconsidered this action and has rescinded the reprogramming of the \$5 million. The full \$35 million was provided to the DoD Education Activity (DoDEA) on March 27.

PROPOSED QUESTION TO MR. PANG FROM MR. WATTS

Question. I understand the Department has begun a program whereby private-sector investors will be allowed to build and manage both family and bachelor quarters. Can you describe the Department's efforts in making this program a reality? What are its successes to date? Will barracks be included in the near-term plan for private-sector investment? What is the timeline for the demonstration of private-sector investment in barracks construction? How will you monitor this program to assure we are moving forward in as steadfast a manner as possible? What can Congress do to assist in making this program a reality?

Answer. In October, 1995, the Department established a joint Housing Revitalization Support Office (HRSO), staffed with 13 full-time housing and real estate experts from each of the Services and the Office of the Secretary of Defense and augmented with consultant support. One of the near term goals of the HRSO is to test as many as possible of the broad new authorities provided in the National Defense Authorization Act for Fiscal Year 1996.

The HRSO has developed a site data collection protocol and a financial feasibility model to evaluate private sector proposals. Forty potential sites were prioritized and fourteen were evaluated. Our target is to have about 8-10 projects with up to 2,000 family housing units awarded within the next year. These projects will serve as prototype sites to test the authorities, validate approaches and learn how we can take best advantage of these powerful tools.

The FY 1996 DOD Authorization Act provided the Department with the authority to test various privatization tools for both family and unaccompanied housing requirements. However, in the FY 1996 DOD Military Construction Appropriations Act we only received transfer authority for Military Family Housing. To remedy the

difference between the Authorization and Appropriation Acts, the Department is proposing an amendment to the FY 1996 Military Construction Act that would extend the transfer authority for unaccompanied housing, as well as family housing. Including the transfer authority for unaccompanied housing would provide the Department with both the authority and funding needed to test these privatization tools for both family and unaccompanied housing requirements.

LIUTENANT GENERAL THEODORE G. STROUP, JR., DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY

IMPLICATIONS OF ARMY'S FY 1996 MILITARY PERSONNEL FUNDING SHORTFALL

QUESTION 1A

Chairman DORNAN. As late as October 1995, the Army was taking a range of measures to correct as much as a \$400-\$500 million shortfall in its fiscal year 1996 military personnel accounts. Late in the appropriation process, Congress added \$112 million to the account. We are well into fiscal year 1996. What has the Army had to do to make up the difference between the shortfall and what Congress added?

Lieutenant General STROUP. The Army's shortfall for FY96 was initially \$427 million. After Congressional marks and adds of \$224.8 million, the Army was left with a \$202.2 million shortage. Personnel policy changes were implemented early in the fiscal year and reduced the shortage by another \$58.8 million. The Army was ready to initiate an early Expiration of Term of Service (ETS) program that would have further reduced the shortage by an additional \$81 million, but was forced to cancel it due to its participation in Operation Joint Endeavor. Unprogrammed requirements for Bosnia and other Non-IFOR contingencies instead increased the shortage by an additional \$292 million. These increased costs were to be funded through a supplemental and contingency reprogramming. However, recently it was decided that the Army would only receive \$244.5 million in a supplemental and must fund the remaining requirement through an Omnibus Reprogramming. We will submit a reprogramming request for \$150-\$200 million dollars on 15 April 1996.

QUESTION 1B

Chairman DORNAN. We understand that a shortfall of up to \$200 million may exist in the Army military personnel accounts for fiscal year 1997. That is one reason, for example, that the Army NCO strength in fiscal year 1997 will only be funded at 98% of authorized. What are the other implications and effects of the fiscal year 1997 underfunding?

Lieutenant General STROUP. At the time the FY97 budget was completed, we were fully funded. To accomplish this we transferred funds from other accounts within the Army (\$195.8 million) and initiated program adjustments to save funds from within the appropriation (\$145.0 million). These programs included increased pin-on points for officer and enlisted soldier promotions, reduced PCS moves and enlisted bonus programs, and earlier separation dates for officers leaving under incentives and early release programs. Although the Army viewed these actions as acceptable, there are some personnel readiness risks associated with their implementation. Additionally, since budget submission, the FY96 National Defense Authorization Act approved some pay items which are now unfunded in FY97. There is currently a \$20 million bill for the following:

- a. Nurse Board Certified Pay, \$1.1 million.
- b. Special Duty Assignment Pay, \$10.0 million.
- c. VHA Rate Protection, 9.0 million.

These programs remain unfunded in FY96 as well.

RECRUITERS' MORALE

QUESTION 2A

Chairman DORNAN. Secretary Pang and the Personnel Chiefs, each of you in your statements acknowledged that 1995 was a successful recruiting year. Goals were met, quality was good, and the Youth Attitude Survey had finally turned the corner and showed an increase in propensity to enlist. The money invested in recruiter operations and advertising was paying off. Yet, there was a common thread of concern in each of your statements about recruiter morale and welfare.

The subcommittee believes that there are few peacetime jobs in the military more important than that of the recruiter. Recruiters are literally providing the human building blocks from which our future military will be constructed. We must find ways to attract the best to recruiting. Once on the job, we must ensure that recruit-

ers are provided fair objectives, adequate resources to get the job done, and a quality of life that recognizes the stress of their jobs. What are DOD and the Services doing to enhance on-the-job conditions and quality of life for recruiters? Specifically, would each of panel members comment on their support for relieving recruiters of CHAMPUS deductibles and copayments and providing recruiters leased housing?

Lieutenant General STROUP. The Army is very concerned about recruiter quality of life and the impact related stress has on them and their families. We are working to make things better for them in two areas.

First, we are working to relieve the administrative burden on recruiters. We have implemented Success 2000, which empowers station commanders giving them greater flexibility and autonomy in the day to day operation of their recruiting stations. We have improved operations by giving the station a mission rather than each recruiter, we have reduced the number of categories in which they must recruit, and we have opened markets to the entire station rather than breaking the market down to individual recruiters. We have also reduced red tape and paperwork in the enlistment process, by enhancing eligibility requirements and revamping regulatory procedures.

Second, we are working on traditional quality of life issues. We are conducting an experiment at Fort Leonard Wood to improve the payment of recruiter supplemental care medical bills. This experiment includes the automation of the billing process so that bills can be paid within 60 days. If successful, we hope to centralize payment of claims at Fort Leonard Wood. This will eliminate problems associated with late payment of medical bills, such as harassment by collection agencies, denial of treatment because of past late payments, or the requirement to pay up front for medical care. To relieve recruiters of CHAMPUS deductibles and copayment, we are participating in an experiment in Tri-Care Region 11 (Washington and Oregon) that will enroll all independently assigned personnel (not only recruiters but ROTC, Reserve Component support personnel, and others) in Tri-Care Prime. This will significantly reduce out of pocket medical costs by reducing copayment and eliminating the deductibles. For child care, the Office of the Secretary of Defense (OSD) is considering negotiations with other government agencies for such care. OSD's Quality of Life Committee is currently gathering data on the number of recruiter's children who would possibly use such facilities. They will then consider an agreement with the General Services Administration (GSA) to provide spaces for recruiter families to cost at or near the military installation rates. This will not guarantee access to child care, but will create a program similar to military installation based child care programs. We are working through the OSD Quality of Life Committee to study a Navy methodology for determining areas where the BAQ/VHA models do not work well, with leased housing being the best solution. Upon completion we will determine whether a leased housing program for married recruiters should be implemented (there is already a leased housing program in effect for single recruiters). Finally, the Recruiting Command is moving forward with a Risk Reduction Program. The propose is to reduce high risk behaviors such as alcohol or drug abuse, family violence or abuse, drinking and driving, unsafe driving, etc.

They will collect and analyze data from a variety of sources, and develop an intervention plan. The long range goal is to develop a comprehensive prevention strategy for use by recruiting leaders and soldiers at all levels.

QUESTION 2B

Chairman DORNAN. What other solutions are being worked by DOD and the Services?

Lieutenant General STROUP. We continue to work on the development and fielding of the Joint Recruiting Information Support System (JRISS), which will result in a paperless enlistment packet and making enlistment information available to applicants via CD ROM. This is all done through a lap top computer the recruiter will carry.

QUESTION 2C

Chairman DORNAN. Have all services been able to provide funding for the Special Duty Assignment pay increases in 1996 that Congress authorized? Will the Services use this expanded authority in fiscal year 1997?

Lieutenant General STROUP. Budget guidance precludes us from assuming what will and will not make it to the final bill. Because the authorization process was late last year we were unable to include funding for the increase in recruiter Special Duty Assignment Pay in the FY97 budget. We will, however, include a request for FY96 funding in an OMNIBUS reprogramming action. Congress can help us by ap-

proving the reprogramming action for FY96 and by appropriating funds to support the FY97 program.

RETENTION NOT AS GOOD AS IT LOOKS

QUESTION 3A.B.

Chairman DORNAN. Secretary Pang and the Personnel Chiefs, during the drawdown there was general agreement that, except for select skills in certain grades, the services have been able to meet their retention goals. However, there remains some lingering concern that the drawdown has really masked a major shift in retention trends that will emerge as a retention problem when the services reach their steady state end strength. Can we now say with confidence that the good retention rates experience during the drawdown will continue?

Lieutenant General STROUP. Through 1st Quarter FY96, the Army is retaining soldiers at expected levels. Available data shows initial term soldiers are being retained at a 46 percent rate which is above the historic 42 percent rate. Mid careerists are also being retained at historic rates (71%). However, we are not sure that "the good retention rates experienced" will continue. We are concerned about the cumulative impact of the following on future retention rates: NCO promotion slowdowns, SRB budget cuts, reduction in retirement annuity and PERSTEMPO.

QUESTION 3

Chairman DORNAN. Will this continued retention in end strengths reflected in the FY97 budget request cause retention problems due to increased PERSTEMPO?

Lieutenant General STROUP. Some frequently deployed skills have already experienced retention problems. Although retention in the aggregate is at desired levels, further cuts in end strength and the resulting increase in PERSTEMPO have the potential to adversely impact on retention not only in particular specialties, but in some commands that may be more prone to deploy.

U.S. ARMY POLICY ON EXTREMIST ORGANIZATIONS

QUESTION 8

Chairman DORNAN. General Stroup, thank you for being here today. These are busy times for each and every member of our armed services and I want to publicly salute your contributions and successes. I would like to focus my comments on the Army's strategy dealing with hate groups. Specifically, I seek your answer to concerns regarding hate-groups that were, or may continue to be, active at Fort Bragg, North Carolina. I refer to the incident where three Fort Bragg soldiers, who were members of racist skinhead groups, were charged with killing two black residents of nearby Fayetteville. It is my understanding that while the NAACP had requested permission to interview soldiers and top commanders at that Post, the Army denied both requests (news article attached). I am concerned that the Army may not be moving fast enough on this issue. The NAACP has charged that racism is present on every base in North Carolina, and that is a claim I simply cannot tolerate. I am especially displeased in hearing that these soldiers displayed banners and Nazi flags within their barracks. Frankly, I just don't get it? General, please outline the Army's policy on allowing our soldiers to belong to groups that outwardly profess hate and bigotry. What is the Army doing today to identify and bring to a halt a policy that allows membership in groups that turn man against their fellow man? Is membership in these groups a Uniform Code of Military Justice violation?

Lieutenant General STROUP. Extremist activity and/or participation in extremist organizations is incompatible with military service. Army policy clearly states that military personnel, duty bound to uphold the Constitution, must reject participation in organizations which (1) Espouse supremacist causes, (2) Attempt to create illegal discrimination based on race, creed, color, gender, religion, or national origin, or (3) Advocate the use of force or violence or otherwise engage in efforts to deprive individuals of their civil rights. Soldiers are categorically prohibited from (1) Participating in a public demonstration or rally, (2) Knowingly attending a meeting or activity while on duty, when in uniform, when in a foreign country, or in violation of off-limits sanctions or commanders' orders, (3) Conducting fund-raising activities, (4) Recruiting or training members (including encouraging other soldiers to join), (5) Organizing or leading such a group, (6) Distributing literature on or off a military installation, (7) Participating in any activity that is in violation of regulations, constitutes a breach of law and order, or is likely to result in violence.

Commanders have, and use, the authority to remove extremist paraphernalia displayed in the barracks. UCMJ action is applied when a lawful order is not obeyed,

when three or more people participate in actions causing "Public Terror," when provoking words or gestures are employed, or in instances of conduct which are disorderly or service discrediting. The General

Counsel in conjunction with The Judge Advocate is analyzing whether the Army can lawfully prohibit any and all involvement in extremist organizations, regardless of degree, without violating the individual soldier's First Amendment Rights.

THE CHIEF OF NAVAL PERSONNEL,

April 15, 1996.

Hon. ROBERT K. DORNAN,

Chairman, Subcommittee on Military Personnel, Committee on National Security, House of Representatives, Washington DC.

DEAR MR. CHAIRMAN: Your letter of March 20, 1996, requested responses to several questions for the record from my testimony on Quality of Life Issues before your committee on March 12.

I am happy to respond. Answers to the questions are attached.

Sincerely,

F.L. BOWMAN,
Vice Admiral, U.S. Navy.

RECRUITERS' MORALE

QUESTION 1

Representative DORNAN. Secretary Pang and the Personnel Chiefs, each of you in your statements acknowledged that 1995 was a successful recruiting year. Goals were met, quality was good, and the Youth Attitude Survey had finally turned the corner and showed an increase in propensity to enlist. The money invested in recruiter operations and advertising was paying off. Yet, there was a common thread of concern in each of your statements about recruiter morale and welfare.

The subcommittee believes that there are few peacetime jobs in the military more important than that of the recruiter. Recruiters are literally providing the human building blocks from which our future military will be constructed. We must find ways to attract the best to recruiting. Once on the job, we must ensure that recruiters are provided fair objectives, adequate resources to get the job done, and a quality of life that recognizes the stress of their jobs.

What are DOD and the Services doing to enhance on-the-job conditions and quality of life for recruiters? Specifically, would each of the panel members comment on their support for relieving recruiters of CHAMPUS deductibles and co-payments and providing recruiters leased housing?

Admiral BOWMAN. The majority of recruiters and recruiter support personnel do not live on or near a major military installation and thus cannot take advantage of the same benefits available to other military personnel. In addition, recruiting district headquarters are located in major metropolitan areas where the cost of living is often very high. This unequal access to military benefits results in a financial burden to recruiting personnel—especially our junior personnel.

Over the last five years, the Navy and Navy Recruiting Command have implemented a number of initiatives to improve quality of life for recruiting personnel and their families in four key areas: professional, family, health, and recruiting policies.

Professional—Established Recruiting Excellence Incentive Program for meritorious advancement; authorized study time and necessary funding prior to advancement exams; team (station) goals vice individual goals; \$375 SDAP—up \$100/month—fully supported by Navy. Additionally, we have initiated a move to a professional, full-time recruiting force of volunteers who have succeeded. Plans are to increase the Career Recruiter Force from 500 to approximately 2800 in the outyears.

Family—Created national Ombudsman network and established Command Master Chief billets at all Navy Recruiting Districts.

Health—Provided information to all recruiting personnel on health care availability in their area; obtained priority handling of Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) claims for recruiting personnel.

Navy strongly supports the recommendation that DOD pay CHAMPUS deductibles for recruiters and/or eliminate deductibles for co-payments as is done in Europe. The TRICARE program will not solve medical care access problems for recruiters—many will still have to use CHAMPUS.

Recruiting Policies—Established Career Recruiter Force Academy; increased national advertising dollars; directed the assigned of over 300 additional enlisted recruiters in FY96 to help ease the work burden.

Additionally, Navy fully supports providing leased housing for our recruiters. While it is not currently funded, we are closely analyzing various funding alternatives to provide 500 domestic leases for independent duty personnel.

QUESTION 2

Representative DORNAN. What other solutions are being worked by DOD and the services?

Admiral BOWMAN. Navy has been a key player in the Joint Service Support Group Quality of Life (QOL) Subcommittee which has addressed ways to improve quality of life for recruiters of all services. In addition to some of those areas already mentioned, the Subcommittee's top priorities are:

Child care—Recruiting personnel with working spouses and single parent members living in high cost areas do not have the same access to high quality child care at subsidized rates as those Sailors who live on or near a military installation. The DOD Office of Family Policy is exploring the possibility of a pilot program to enable recruiting personnel to take advantage of child care facilities in GSA-controlled spaces.

Continental U.S. Cost of Living Allowances (CONUS COLA) pays cost-of-living adjustment to eligible service members residing in areas of the United States in which living expenses exceed 109 percent of the national average, such as major metropolitan areas where recruiting districts are located. DOD is evaluating the affordability of lowering this threshold to allow more areas to qualify for CONUS COLA.

Housing—The Navy Recruiting Command spearheaded the initiative to revise DOD housing policy to allow recruiters and other independent duty personnel to sign up on base housing waiting lists as priority '2'. Prior to the policy revision, recruiters trying to get into base housing were assigned priority '3' or lower, resulting in little chance of getting into base housing.

QUESTION 3

Representative DORNAN. Have all Services been able to provide funding for the Special Duty Assignment pay increases in 1996 that Congress authorized? Will the Services use this expanded authority in fiscal year 1997?

Admiral BOWMAN. The increase in SDAP from \$275 to \$375 authorized by Congress is the first increase since 1985. The increase recognizes the arduous nature of recruiting duty and will help attract Sailors to recruiting. Navy implemented the increase on 1 April 1996 and intends to continue funding SDAP at \$375 in FY97.

RETENTION NOT AS GOOD AS IT LOOKS

QUESTION 4

Representative DORNAN. Secretary Pang and the Personnel Chiefs, during the drawdown there was a general agreement that, except for select skills in certain grades, the services have been able to meet their retention goals. However, there remains some lingering concern that the drawdown has really masked a major shift in retention trends that will emerge as a retention problem when the services reach their steady state end strength.

Can we now say with confidence that the good retention rates experienced during the drawdown will continue?

Admiral BOWMAN. Navy has been closely monitoring the effects of an aggressive right sizing program and we are confident that we will continue to be able to retain enough highly qualified Sailors to meet our needs as we complete force sizing. As we near the end of the reduction in force structure (from 15 carrier battle groups to 12 today; from nearly 600 ships to 363 today) we have taken the steps necessary to ensure our retention rates remain high. We are placing a renewed emphasis on competitive pay and benefits, improved promotion and advancement opportunity and quality of life improvements such as housing, day care, medical care, expanded educational opportunities and a new "Home basing" policy. We are carefully targeting financial incentives such as selective reenlistment bonuses to meet specific requirements.

QUESTION 5

Representative DORNAN. Will the continued reduction in end strengths reflected in the FY97 budget request cause retention problems due to increased PERSTEMPO?

Admiral BOWMAN. Active duty end strengths requested in the FY97 budget will provide sufficient high quality military personnel for both force structure and infra-

structure required to successfully support the war fighting CINCs and maintain necessary PERSTEMPO.

Simultaneously, we are working hard to retain quality men and women in sufficient numbers to support our personnel strength levels. In fact, Navy is embarking on a major effort to achieve significant increases in retention and reduce the required number of new accessions. This will be challenging and requires continued support.

First, we must recruit adequate numbers of the right kinds of young people to satisfy our quantitative and qualitative requirements. After we get good people in the front door, we will still have to work hard to return to our pre-drawdown levels of retention (First term—39%, Second Term—54%, and Third Term—69%)—but we're aiming higher!

Three areas will be fundamental to our success, and consequently our fleet readiness. They are:

a. adequate levels of compensation, including such programs as the Selective Reenlistment Bonus, Nuclear Officer Incentive Pays, and Aviation Continuation Pay targeted specifically at our most pressing requirements,

b. improvement of the Quality of Life of our Sailors and their families, especially with adequate housing, and

c. homebasing initiatives to offer substantial improvement in opportunities for our Sailors to remain in one geographic area for the majority of their careers.

In summary, I am convinced that we will be able to retain adequate numbers of quality Sailors to ensure continued fleet readiness. However, your continued support in recruiting, compensation and Quality of Life issues is essential to achieving our retention goals.

MINIMUM INCOME WIDOWS

QUESTION 6

Representative DORNAN. Secretary Pang, the subcommittee has encountered a major problem in coordinating the two Minimum Income Widows (MIW) programs conducted by the Department of Defense and the Department of Veterans' Affairs. The lack of coordination causes aging widows to be subject to very stressful and sudden losses of benefits.

When will DoD and VA fix the coordination problem and what is the long term fix to protect these aging widows from abuse?

Admiral BOWMAN. We are aware that there are some problems. The main reason these problems surfaced, we believe, is that we have improved in our coordination process in recent years. This led to the discovery that many of these widows had lost their eligibility for both the VA income supplement pension and, consequently, for the DOD pension supplement. Thus, because of the improved coordination and validation efforts of the Defense Finance and Accounting Service (DFAS); many widows have been removed from the rolls in recent years. Most of these were found to have been overpaid for a period of time, creating a debt for which we had to seek waiver authority from the Comptroller General. You helped us avoid that process this year by special provision in the 1996 Defense Authorization Act.

OSD has met with representatives of the VA and they are pursuing a process in which the VA and DFAS will interact through the Denver offices of both organizations when any pension predetermination is needed of one of these widows. They are also looking to take some of the confusion out of the annual process of income validation and continued eligibility verification by doing this directly with the VA Central office or Denver office, thereby not involving the widow. Thus, we believe we are on the verge of improving the process, but do not believe that it is broken.

The Department is also considering whether we can have the VA make the payment to these widows and have DOD reimburse the VA; however, there is one major obstacle to this procedure in that VA payments are not taxable while our window payments are. We understand that OSD plans to advise you if they believe any legislation is appropriate.

IMPACT AID UNDER ATTACK?

QUESTION 7

Representative DORNAN. Secretary Pang, as you know, this committee has taken an active interest in providing supplementary Impact Aid payments to local educational agencies heavily impacted by large populations of military students. The principle is simple, the military must be prepared to take care of its own children. This is especially important in light of the reduced Impact Aid budget within the Department of Education.

It has come to our attention that the Department of Defense has decided to reprogram \$5 million from the \$35 million authorized by the committee for FY 96. I know I speak for a number of members of the committee when I say that the committee is very disappointed with this decision and would oppose such a reprogramming.

Would you care to provide the Department's rationale to support this reprogramming?

Admiral BOWMAN. Navy recognizes the importance of Impact Aid funding to local school districts providing educational services to our military family members. We believe that since the Department of Education (DoED) is responsible for administering and funding the Impact Aid Program, all funding associated with Impact Aid should be through DoED, not DOD. However, I strongly believe impact aid should be fully funded by our federal government.

Of the \$35M in impact aid authorized by your committee for FY96, \$5M had been reprogrammed through PBD #727 to provide for higher priority DOD requirements such as Bosnia support. We supported DOD's reclama of Impact Aid money into the DOD Authorization Bill. Secretary Pang wrote to DoED strongly supporting full funding for the Impact Aid program.

It is my understanding that the DOD comptroller has since restored the \$5M initially reprogrammed from the \$35M authorized by the committee.

LIEUTENANT GENERAL MICHAEL D. MCGINTY, DEPUTY CHIEF OF STAFF FOR
PERSONNEL, DEPARTMENT OF THE AIR FORCE

RECRUITING AND RETENTION

Question. What are DoD and the Service doing to enhance on-the-job conditions and quality of life for recruiters? Specifically, would each of panel members comment on their support for relieving recruiters of CHAMPUS deductibles and co-payments and providing recruiters leased housing?

Answer. We are very concerned about the well being of our recruiters. All services identified health care as the number one recruiter concern. A number of studies are ongoing about how to best solve this problem.

The Air Force has again funded leased housing for independently assigned members. Our goal is to ease the financial burden associated with the high cost of housing for our people. So far this year we've initiated 42 new leases with many more to come. Also, we're working to have the \$14,800 annual lease limit increased. The current limit is not enough in many high cost areas.

Question. What other solutions are being worked by DoD and the services?

Answer. The Air Force pioneered a program known as "Home Basing" in which recruiters and other independently assigned members receive priority treatment at their support base. When a visit is necessary, these individual and their families, receive front-of-the-line service on billeting, medical, and administrative appointments. This reduces the amount of time spent waiting and gives them the special treatment they deserve.

To help ease the workload of our recruiters, we increased manning by an additional 80 billets and placed them in production zones to increase our presence in the recruiting market. In addition, we expanded the "Recruiter Assistant Program" (RAP). This places recent technical training graduates back in their hometown to assist the local recruiter. By visiting and giving public presentations at schools and shopping malls, these young people are showcased as local success stories.

The Joint Recruiting and ROTC Quality of Life Subcommittee recommended costs of child care be subsidized for families of independently assigned service members. This initiative would require an amendment to the Military Child Care Act of 1989 and would cost an estimated \$7.9 million per year for all Service's recruiting personnel.

New recruiter training includes the "Recruiter Transition Program" which provides additional training and indoctrination for first timers. This allows for a period of concentrated training without pressure to produce.

Question. Have all Services been able to provide funding for the Special Duty Assignment Pay increases in 1996 that Congress authorized? Will the Services use this expanded authority in fiscal year 1997?

Answer. Yes, the Air Force will fund the increase in Special Assignment Pay beginning in April 1996. Our recruiters are deeply appreciative of the support from Congress. We fully expect to continue to pay our "recruiters on the street" at the increased rate of \$375 per month in 1997.

Question. Secretary Pang and the Personnel Chiefs, during the drawdown there was general agreement that, except for select skills in certain grades, the services have been able to meet their retention goals. However, there remains some lingering

concern that the drawdown has really masked a major shift in retention trends that will emerge as a retention problem when the services reach their steady state end strength.

Can we now say with confidence that the good retention rates experienced during the drawn will continue?

Answer. By all indications, good reenlisted (retention) rates are expected to continue for enlisted. The Air Force has met or exceeded all its reenlistment goals since FY91. We fully expect to continue to meet our goals in the future.

Support officer retention has leveled off at a predrawdown level of 51% and we expect this rate to continue. While both navigator and pilot retention were above previous levels in FY95 (84%) we do not expect to maintain these rates. We anticipate navigator retention will fall to near predrawdown levels (78% in FY85). For pilots, as drawdown programs wind down and airline hires begin to rise, if left unattended we would expect retention to fall over the next few years. As a result, tools like bonuses will remain critical to our overall retention efforts.

Question. Will the continued reduction in end strengths reflected in the FY97 budget request cause retention problems due to increased PERSTEMPO?

Answer. Despite high PERSTEMPO rates, the Air Force continues to meet retention goals. To watch for the possible impact of continued high PERSTEMPO, we are tracking the TDY rates of our units and people, and working to keep that rate below 120 days per year. At this time, there is no evidence of lower retention rates.

To ensure these positive trends continue, we've taken several steps to reduce the impact of increased PERSTEMPO on our people. First, we are using worldwide sourcing to balance the workload across all active duty units. Second, whenever possible, we're reducing taskings on the weapon systems where our people have the highest PERSTEMPO. Finally, we are using Air National Guard and Air Force reserve volunteers to reduce taskings on active duty members. With these initiatives in place, we expect positive retention trends to continue in the future.

GROUP AND WING COMMANDERS

Question. I noticed you were featured this week in the Air Force Times newspaper. The article was titled, "McGinty faces new challenge" and I am confident you will oversee the news process of selecting group and wing commanders. When completed, I would like to be briefed on how you measured success of this new process and a description of lessons-learned that might be shared with your fellow services.

Answer. We are in the final phase of the process, which is where we match colonel and colonel select command candidates with actual vacancies over the next year. This phase will be complete in April 1996 when we publicly announce the command assignments. I'd be happy to provide you a briefing, at your convenience, on the success of the new process and lessons-learned.

BASE REALIGNMENT AND CLOSURE

Question. Your priorities of making certain that commanders have the tools necessary to achieve mission success and taking care of Air Force people are admirable. I realize this will be difficult with the continued downsizing of the Air Force as they begin to implement the Defense Base Realignment and closure (BRAC) recommendations.

In this vein, I direct you to the BRACs decision to close Kelly Air Force Base. In that recommendation the BRAC urged the Air force to "... consolidate engine maintenance activity at Tinker Air Force base to reduce excess capacity." Without being overly blunt, I'm not happy with the Air Force's progress in this vein. And, while I realize you are not in charge of logistics realignments, I ask you to please describe to this panel your strategy for the personnel downsizing and/or relocation of the personnel at Kelly and McClellan Air Logistics Centers.

Answer. Our overarching drawdown philosophy is the same for civilians as it is for military. We use voluntary programs first and to the maximum extent possible, and RIF only as a last resort. Staying with that philosophy, we are planning to offer both voluntary Early Retirement Authority (VERA) and voluntary Separation Incentive Program (VSIP) authority at Kelly AFB and McClellan AFB to the fullest extent possible. In each case the VERA/VSIP options will be offered at the times and dates specified by the affected centers to meet their privatization/downsizing targets. For example, as of 1 Apr 96, Kelly AFB has requested VERA/VSIP for 93 employees during the period 3 Jun 96-15 Jan 97. This offering is applicable to employees assigned to the Corrosion Control section of the base and has been approved.

Question. What are the firm numbers for ramping-down of military and civilian personnel at those locations over the next 5 years?

Answer. Air Force plans for the relocation and/or privatization of workloads at the Kelly and McClellan Air Logistic Centers are still being formulated. These plans include retaining 16,000 jobs in the San Antonio area and 8,700 jobs in the Sacramento area through FY01. The firm mix of government and industry jobs at these locations is not yet known. We are working to determine the workloads that will be moved to other centers and those which will become candidates for outsourcing. To date, five depot maintenance workloads have been identified and approved by the Defense Depot Maintenance Council as prototypes for privatization. Projected contract award dates for these workloads are in the Dec 96 timeframe. These prototypes affect approximately 900 personnel at McClellan and 600 personnel at Kelly. As additional workloads are approved for privatization and workload relocation plans are finalized, we will be better able to assess ramp-down plans and the affect on personnel.

Question. Are you planning to offer early retirement packages, if so how can Congress assist you in making certain we reap the full savings anticipated by the BRAC recommendations?

Answer. Yes, the Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Program (VSIP) have been and continue to be tremendous loss management tools and remain the cornerstone of the Air Force drawdown plan. The VSIP authority currently expires in FY99. Having it extended through FY01 would aid immensely in our drawdown efforts.

Question. And finally, please describe how the priority placement system will be used to retain Kelly employees within the DoD?

Answer. Career and Career conditional employees at Kelly AFB who desire placement assistance will be registered in the Department of Defense (DoD) Priority Placement Program (PPP) one year in advance of their expected separation date. These employees will be accorded "mandatory placement" rights to vacancies at DoD activities for which they "qualify" and are available. If a registered Kelly AFB employee is selected for a position vacancy that requires relocation, they will have transportation and moving expenses paid by the government.

Employees at Kelly who wish not to register "early" in the PPP will be mandatorily registered upon receipt of a Reduction-in-Force (RIF) notice (normally 120 days in advance of the RIF effective date) for all DoD activities in the commuting area. These employees also have an entitlement to priority placement (mandatory selection) for DoD vacancies in the commuting area for which they qualify and are available.

[The prepared statements of Mr. Dorn, Mr. Staton, and Mr. Lokovic and the Report of the Defense Science Board Task Force on Quality of Life follows:]

PERSONNEL AND
READINESSTHE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

MAR 27 1996

Honorable Robert K. Dorman
Chairman, Subcommittee on Military Personnel
Committee on National Security
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for providing me with the opportunity to provide your subcommittee with statements for the record. I am enclosing an overview statement for this purpose.

Sincerely,

Edwin Dorn

Enclosure:
As stated

OVERVIEW STATEMENT

BY

THE HONORABLE EDWIN DORN

UNDER SECRETARY OF DEFENSE

(PERSONNEL AND READINESS)

FOR THE MILITARY PERSONNEL SUBCOMMITTEE

HOUSE NATIONAL SECURITY COMMITTEE

INTRODUCTION

Mr. Chairman and members of the subcommittee, I am honored to appear before you today to present an overview of Department of Defense personnel issues.

The United States military continues to be the best-trained and best-equipped fighting force in the world, as its performance over the past year in the Persian Gulf, Haiti, and Bosnia/Herzegovina illustrates. During this period, our forces have also continued to manage the downsizing with skill and spirit. Our forces are now smaller but fully ready to do what we ask of them. We must ensure they remain ready and provide them the quality of life they and their families deserve. Secretary Perry and I look forward to working with this subcommittee to attain these ends.

In this statement I will discuss the manpower levels requested in the President's Budget and then detail the steps we are taking to maintain readiness and quality of life.

MANPOWER LEVELS & THE DRAWDOWN

The President's budget request for active military, Selected Reserve, and civilian manpower for FY 1997 continues the downsizing that began in the late 1980s. At the beginning of FY 1996, active duty military strength was at 1,518,000; by the end of FY 1997, it will decrease to 1,457,000. Selected Reserve strength will be reduced to 901,000. Civilian positions will decrease to 807,000 by the end of FY 1997.

Manpower Levels

(End Strengths in 000s)

	Sep 87	Sep 95	Sep 96	Sep 97
Army	781	509	495	495
Navy	587	435	425	407
Air Force	607	400	388	381
Marine Corps	200	175	174	174
Sel Res	1151	946	931	901
Civilians	1127	865	841	807

The drawdown of the active component to Congressionally mandated permanent end strength levels is now almost 90 percent complete and will be about 97 percent complete after the reductions planned for FY 1997. Even though the number of active duty personnel already has been reduced by more than 655,000 since FY 1987, the number of service members who have been involuntarily separated has been quite small. Much of the credit for our success is attributable to the strong support and encouragement of the Congress, which provided the separation incentives (Voluntary Separation Incentive, Special Separation Benefit, Temporary Early Retirement Authority) and transition programs needed to effect the drawdown in a sensible and sensitive manner.

Through the Reserve Component Transition Assistance Program, the Department has successfully reshaped and balanced the Reserve Forces. The transition program includes Special Separation Pay, Early Qualification for Retired Pay, continued eligibility for commissaries and exchanges, and extension of Montgomery GI Bill educational assistance. This program will enable the Department to complete almost 90 percent of its drawdown and restructuring plans by the end of FY 1996 and 97 percent by the end of FY 1997.

The Department began streamlining infrastructure and reducing its civilian work force before National Performance Review reductions were proposed. Through creative use of our transition programs, we have been able to hold our involuntary separations to less than nine percent. The DoD Priority Placement Program has placed over 136,000 workers in its 30-year history and continues to find jobs for an average of over 900 displaced employees per month. We have been aggressively using downsizing tools provided by the Congress. Civilian reductions have amounted to 23 percent between 1987 and FY 1995. By September 1999, an additional 104,000 positions will be eliminated, with further reductions anticipated. The reductions are based on reinvention and streamlining of workload and missions, base closures, and reduced fiscal resources. Our goal is to maintain effectiveness while managing the reductions both efficiently and humanely.

PERSONNEL AND READINESS

The Department's first priority is maintaining readiness to execute the National Security Strategy. As last reported to the Senior Readiness Oversight Council, U.S. forces are at a high state of readiness as exemplified by our current operations in Bosnia and throughout the world. The Department anticipates that we will be able to maintain this high state of readiness,

assuming the timely reimbursement for contingency operations. U.S. forces must be manned, equipped, and trained to deal with the dangers to U.S. national security, including response to major regional conflicts, overseas presence operations, and other key missions. Personnel readiness results from three factors: quality people, quality training, and quality of life. We recruit those whose background and aptitudes indicate a high probability of completing their obligation while performing well in their occupational fields. We manage people carefully, provide them with rigorous and realistic training, and ensure we assign well-qualified people to each job. Finally, we make a genuine commitment to "people first" programs that recognize their service.

Recruiting High-Quality People

A steady flow of high-quality recruits is an important component of readiness. In spite of the fact that our military forces are growing smaller, each Service must enlist enough people each year to provide a flow of seasoned leaders for the future. DoD must recruit about 200,000 young people annually for the active duty armed forces and approximately 160,000 for the Selected Reserve.

In recent years, DoD has done well in attracting high-quality recruits. In FY 1995, 96 percent of all active duty recruits held a high school diploma and 71 percent scored above average on the enlistment test. Fewer than one percent of new recruits scored in the lowest acceptable category on the test. The Department also was successful in recruiting for the Reserves, with 90 percent of Reserve accessions holding a high school diploma and more than two-thirds scoring above average on the enlistment test and less than two percent scoring in the lowest acceptable category. Higher levels of recruit quality reduce attrition while improving hands-on job performance, which is essential to unit performance and readiness.

Over the past several years, enlistment propensity had declined as the Services experienced serious cuts in recruiting resources. In FYs 1995 and 1996, recruitment advertising was increased by \$89 million and \$31 million respectively. That investment, coupled with hard work by our recruiters, is paying off. Results from the 1995 Youth Attitude Tracking Study (YATS) indicate that the decline in propensity may have abated. However, recent surveys indicate higher recruiter stress and dissatisfaction, along with a range of quality-of-life concerns. Accordingly, the Department asked the Services to review recruiting policies and practices with a goal of reducing pressures that might lead to potential improprieties. A joint study of recruiter quality-of-life

issues is focusing on potential improvements in health care, child care, and housing. The Congress recently authorized an increase in Special Duty Assignment Pay from \$275 to \$375 per month. We are now developing implementation plans, in coordination with the Services.

Because recruiting is vital to readiness, then-Deputy Secretary John Deutch established the Senior Panel on Recruiting in April 1994 to provide oversight at the highest levels of the Department. This panel deals quickly and effectively with any emerging problems. The Department has also initiated a Joint-Service study to evaluate the viability and cost-effectiveness of alternative concepts for recruiting support.

We will continue to monitor trends to ensure we maintain high quality standards in enlisted recruitment. With adequate resources and realistic recruit quality requirements, we can sustain a diverse, high-quality military force that is ready and able to respond to the Nation's defense needs.

The Department continues to sustain balance in its officer accession program, with a mix of new officers from a number of sources: Reserve Officers' Training Corps (36 percent of officer accessions), which provides a varied academic and geographical mix; officer candidate programs (20 percent) that provide growth opportunities for the enlisted force; and Service academies (15 percent), which provide officers who couple a deep understanding of the military culture with important technical skills. Other officer accession programs support the professional branches: direct appointment (14 percent) and health professional programs (6 percent). We believe that this mix across commissioning sources provides appropriate balance and diversity.

Retaining and Managing High-Quality People

While recruiting is the crucial first step in creating a ready force, retaining and carefully managing personnel during the course of their careers is just as important. As the drawdown nears its end, our focus has shifted from selective departure to broad-based retention. Our retention incentive programs are designed to maintain the high level of readiness needed to perform the missions we are called upon to perform, and we will work with the Congress to ensure that retention programs, such as reenlistment bonuses, are funded at appropriate levels.

There is a common misconception that promotions have slowed because of the drawdown, but that is simply not the case. The Services have worked hard to provide reasonably consistent promotion opportunities in order to meet requirements, ensure a balanced personnel force

structure, and provide a meaningful opportunity for all service members. Promotions have remained generally steady during the drawdown. Officer and enlisted promotions remained stable through FY 1995, with promotion opportunities and pin-on points relatively consistent with those of previous years.

However, reductions in end strength, coupled with adjustments in force structure, have caused the Services to re-examine their officer requirements with regard to the number of field grade officers. We will be proposing permanent grade relief to achieve the number of mid- and senior-grade officers needed to perform Defense missions. Also, we are working with the Joint Staff on a number of projects designed to improve joint officer management. One such measure is a process to ensure those positions that fully meet the intent of the law are on the joint duty assignment list (JDAL). The Department appreciates the support the Congress has given us in the past, particularly the revised authorities reflected in the FY 1996 Defense Authorization Act, to improve our management of joint officers. As we enter new territory with the implementation of the Department's first requirements-based JDAL, we look forward to improved utilization of officers who are trained and experienced in joint matters.

The Reserve Officer Personnel Management Act (ROPMA), enacted with the FY 1995 Defense Authorization Act, becomes effective on October 1, 1996. Involving over 200 changes to existing law, ROPMA is the first comprehensive overhaul of reserve officer personnel management statutes since the Reserve Officer Personnel Act of 1954 and will affect approximately 250,000 officers not on the active duty list. It provides flexibility in managing Guard and Reserve officers, provides career visibility to individuals, and will help maintain a cost-effective Reserve Component personnel structure. The Department is actively updating Guard and Reserve manpower and personnel policies in conformance with ROPMA.

In the area of civilian management, the Military Departments and Defense Agencies are pulling functions from their installation Civilian Personnel Offices into regional service centers to improve productivity and customer service, while reducing costs. We plan for 23 regional centers to perform those functions that can be performed more efficiently and effectively from a central operation. Thirteen projects to streamline and automate functions that account for at least half of the standard Civilian Personnel Office workload have been completed or are nearing completion. We are also developing a standard DoD system to allow immediate access to current civilian personnel data, provide on-line update of employee data, reduce training and

operational costs, and improve productivity. A commercial off-the-shelf software package has been selected as the basis for the modern data system. Our target system should be deployed in FY 1998.

We are encouraged by the successful implementation of policies that have opened more jobs to women in uniform. Today, almost 80 percent of all jobs and over 90 percent of all career fields within the military are open to both men and women. This means we are able to put the right person in the right job unencumbered by unnecessary gender restrictions. There are still some challenges to overcome in this area; however, we believe the changes will enhance the personnel readiness of our smaller armed force.

The Secretary has been very firm and clear about the issue of fairness. Discrimination and sexual harassment jeopardize organizational readiness by weakening interpersonal bonds, eroding unit cohesion, and threatening good order and discipline. The Department supports readiness by comprehensively addressing human relations issues and by expeditiously investigating and resolving discrimination complaints. DoD strives to ensure that it is an organization where every individual is free to contribute to his or her fullest potential in an atmosphere of respect and dignity.

Training High-Quality People

Rigorous and realistic training is the foundation of personnel readiness. This includes entry-level training, specialized skill training, and professional development courses. The Department invests about \$30,000 per recruit during basic and initial job training alone. We offer over 20,000 different courses--an investment of \$15 billion--that produce 1.15 million graduates annually. These programs ensure that we develop well-qualified leaders.

Cost-effective training to promote effective Reserve component integration into Total Force missions means increasing opportunities for joint training missions with the Active forces and making good use of all the tools available, especially technology. During the coming year, we will continue to identify training opportunities to involve Reserve components in more peacetime operational missions and to promote innovative training opportunities in U.S. communities. These measures will increase reserve readiness as a result of meaningful involvement in peacetime missions, while also helping to reduce active component personnel tempo (PERSTEMPO) and operating tempo (OPTEMPO).

This year, the Department is launching a major effort to provide a more universal, comprehensive, and systematic program of civilian career and leader development. This effort has already led to the establishment of a new civilian training philosophy. Called "Growing the Gold," this program is creating a cross-component system of civilian leadership development with policies and procedures more closely aligned with those of the military. The focus of "Growing the Gold" is a more DoD-Team-Based approach to the training, education, assignment, and promotion of DoD's civilian personnel. This comprehensive redesign in civilian career and leader development responds to the President's call for greater and smarter investment in human capital, as well as to recommendations from the Commission on Roles and Missions.

QUALITY OF LIFE

Competitive pay, realistic PERSTEMPO standards, health care, and improved housing and community support programs enhance the Services' ability to keep and grow future leaders, gain a return on training investment, and reflect a commitment to Service members and their families.

The Secretary of Defense has made quality of life one of his top priorities. In November 1994, we embarked on an ambitious course to assess and improve quality of life. The President announced an unprecedented initiative that added \$25 billion to the defense spending plan to provide more funding for readiness and improve quality of life programs. As part of this initiative, the Secretary allocated \$2.7 billion to the Future Years Defense Program to increase Basic Allowance for Quarters, initiate a new Cost of Living Allowance for high-cost areas in the United States, improve housing, expand child care, bolster recreation programs, and enhance family violence prevention. He established a Quality of Life Task Force of outside experts to provide recommendations for improving housing and the delivery of community and family services and to provide options for reducing the time service members spend away from home for training and mission requirements. At the same time, he chartered an internal Quality of Life Executive Committee to support and implement the Task Force recommendations.

We are now analyzing these Task Force recommendations and have achieved numerous accomplishments during the past year that are significantly improving quality of life. I am going to highlight a few of our initiatives in the areas of compensation, health care, housing, support to families of service members currently deployed, and community and family support programs.

Compensation

Since 1994, the law regulating the annual increase in military pay has called for pay raises that trail the increase in private sector pay (ECI-.5). It is essential that military pay remain competitive. In order to lessen the disparity with private sector raises, the President's budget funds a 3-percent military pay raise that emphasizes the Department's commitment to pay comparability. This commitment sends a very positive message to uniformed personnel that their country values their services and recognizes the unique hardships, obligations, and dangers of military service.

In FY 1996, the Secretary added \$43 million to housing allowances in order to reduce the amount of out-of-pocket housing expenses for the two-thirds of military families residing in civilian communities. We have increased our FY 1997 budget to maintain housing allowances at current levels. Also in FY 1996, the Secretary added \$17.2 million to provide cost of living allowances within the United States where payments for goods and services exceed the national average by more than nine percent. This CONUS COLA increase improved living standards for 30,000 service members living in high-cost areas. Our FY 1997 budget maintains the CONUS COLA at current levels.

For Reservists, two legislative changes adopted in 1995 will contribute to personnel readiness and improved quality of life: the establishment of mobilization income insurance for Selected Reservists, and the requirement to provide Selected Reservists with a low-cost dental insurance program. Both of these changes will be implemented beginning in FY 1997.

Military personnel deploying to Bosnia-Herzegovina continue to receive normal pay and allowances. In addition, deployed troops are receiving imminent danger pay, family separation allowances, and other special pays. Thus, up to an additional \$352 per month will go to deployed troops. We also support tax waivers and delays. The amount will vary for civilian counterparts.

The Department continues to support military retirement pay as a critical element of the overall military compensation package. Any changes to this system amount to broken promises and have a negative impact on retention and morale of our service members. At the same time, the Department strongly supports Cost of Living Allowances to military retirement pay in order to maintain a measure of income security for those who complete military service careers.

We envision a number of long-term compensation improvements and now are analyzing issues and developing appropriate legislative proposals. For example, we hope to move toward a "pay for performance"-oriented military pay system. While we recognize that increased pay for experience is important, we believe that promotion and its associated responsibilities should be the principal determinant of pay; appropriate reforms to the pay table can help us to achieve that goal. We also hope to refine our housing allowances so that they increasingly will be able to provide the right amount to every pay grade, in each location where our members are stationed. We want to ensure that the allowances are credible and sufficient to provide each and every service member with the ability to obtain housing that meets minimum adequacy standards. Key to our long-range vision is the on-going work of the 8th Quadrennial Review of Military Compensation.

Perstempo

As part of the quality of life review, the Department looked at the demands made on personnel, especially time away from home. The Quality of Life Task Force made several observations and recommendations that will be reviewed for their potential to help reduce personnel tempo and turbulence. Additionally, the Department continues to support programs aimed at increasing the stability of families despite requirements for service member deployments. Our goal is to find a balance between mission and training requirements and service members' need to be with their families. To accomplish this goal, the Quality of Life Executive Committee will fully evaluate Task Force and internal recommendations, which include reviewing programmed training and deployment schedules, expanding use of Reserve Components to reduce the personnel tempo for the active force, and increasing contractor support of certain functions.

Health Care

Military medicine faces compelling challenges at this time of unprecedented change in the nation's health care system. One priority is medical readiness--the need to be prepared wherever and whenever service members are deployed, with the highest quality of care. At the current pace of worldwide operations, our high focus on medical readiness has never been more important. Another equally important task is to supply accessible, high-quality health care to the active duty force, family members, retirees, and other beneficiaries not currently involved in operations. More than 8.3 million people are eligible to receive health care from the Military Health Services

System. Direct care is delivered worldwide in 120 hospitals and numerous clinics. Care is also purchased from the civilian sector through the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and TRICARE support contracts. The medical portion of the President's FY 1997 budget is approximately \$15.4 billion, or 6.2 percent of the entire defense budget.

TRICARE is the DoD regional managed health care program for members of the uniformed services and their families, and survivors and retired members and their families. TRICARE brings together the health care delivery systems of each of the Military Services, as well as CHAMPUS, in a cooperative and supportive effort to better serve military patients and to better use the resources available to military medicine.

TRICARE introduces to beneficiaries three choices for their health care delivery: TRICARE Standard, a fee-for-service option which is the same as standard CHAMPUS; TRICARE Extra, which offers a preferred provider option with discounts; and TRICARE Prime, an enrolled health maintenance organization (HMO) option. All active duty members will be enrolled in TRICARE Prime, and families of active duty personnel who choose to enroll in TRICARE Prime will have no enrollment fees. All Medicare-eligible DoD beneficiaries, and those CHAMPUS-eligible beneficiaries who elect not to enroll in TRICARE Prime will remain eligible for care in military medical facilities on a space-available basis.

TRICARE will provide health care coverage to active duty personnel and their families, and retirees, survivors, and their families until the retirees reach age 65. At that point, retirees become eligible for Medicare and lose their eligibility to use civilian health care providers under the TRICARE program. However, Medicare-eligible retirees may continue to use the services of military treatment facilities as they are entitled to under law. The Department spends about \$1.4 billion per year on over-65 retirees, yet receives no reimbursement from the Health Care Financing Administration (HCFA) for that care. The Department believes it has a moral obligation to provide health care for its retirees in the TRICARE HMO program and has sought legislation that would enable us to enroll over-65 retirees in the TRICARE HMO program and to seek reimbursement from HCFA for their care.

The Department is strongly committed to dealing with specific issues such as any adverse health effects that may have resulted from service during Operations Desert Shield/Storm. We are

conducting an aggressive, comprehensive clinical diagnostic effort to determine, as far as possible, the causes of the symptoms in Persian Gulf veterans as described by the National Institutes of Health technology assessment workshop panel. All Persian Gulf veterans are being offered an intensive clinical examination.

Results from evaluations of over 18,500 patients completing the Comprehensive Clinical Evaluation Program show that the majority have a definitive diagnosis or diagnoses that span a broad range of clinical entities for which they are receiving treatment and responding favorably. For those remaining, who have less definitive diagnoses, the Department has established Specialized Care Centers where patients requiring further attention will continue to be evaluated and treated.

For Operation Joint Endeavor, the Department is implementing enhanced medical surveillance measures. These measures involve conducting medical assessments and informing personnel regarding potential health risks prior to deployment; collecting data to localize health problems, facilitate outbreak investigations, and assess hazardous exposures during the Operation; and doing medical assessments, evaluations, and epidemiological studies, and maintaining rosters upon return of the forces.

In addition, the Department is conducting a demonstration aimed at the families of Reserve Component personnel who have been activated for Operation Joint Endeavor. This demonstration will allow the families of reservists called for more than 30 days to use CHAMPUS without having to meet the annual deductible. Families of reservists called for 179 days or more and who reside in an area where TRICARE Prime is offered may enroll. Both of these measures are designed to alleviate potential hardships on the families of men and women called to serve.

Housing

Last year, the Department placed special emphasis on trying to redress the condition of military housing. This was one of the cornerstones of the Secretary's quality of life initiative. We have made progress in both Family and Bachelor Housing, but we have only begun.

Family housing, like other quality of life programs, is key to readiness and retention. We have found that the number of personnel remaining in the military from bases with high-quality housing is about 15 percent higher than those stationed at places with lower-quality housing. This is a telling figure when deferred maintenance and replacement have resulted in 64 percent of

military family housing being classified as "unsuitable" by the Services. Our FY 1996 budget contained a \$500 million increase over that previously planned and programmed in FY 1996. This increase is allowing us to construct or repair over 11,000 family units.

We found similar problems in our Bachelor Housing. The average age of a barracks is 40 years, and sixty-two percent of our military bachelor housing is considered substandard due to overcrowding and poor conditions. We began to rectify this situation with an FY 1996 increase of \$673 million for barracks construction and maintenance. As a result, 71 projects are funded this year to increase availability and improve conditions. Our FY 1997 budget reflects the Secretary of Defense increase of almost \$201 million for barracks repair, maintenance, and construction. These funds continue improvements in privacy and other amenities to another 5,000 bachelor living areas.

The final piece of our housing initiative is our exploration of private sector partnerships. We set aside \$22 million in FY 1996 to stimulate partnerships, with a goal of increasing affordable and quality housing. These projects focus on funding home-building, with lease-back options via private sector housing ventures/partnerships. We established a Housing Revitalization Services Office that is overseeing these efforts and have programmed an additional \$20 million in our FY 1997 budget to continue this program.

Support to Families of Service Members Mobilized and Deployed

We are providing dynamic support systems for military families of those mobilized and deployed in support of peace-keeping in Bosnia. All military community and family support systems play a role, including those of the National Guard and Reserve.

Lessons learned from previous deployments show that the primary issue for service members and their families is need for information. Accurate information flow and family support systems help our families cope with daily challenges while service members are deployed. We have fielded several initiatives to provide this kind of support. For example, Family Readiness Training is provided throughout the entire deployment cycle to ensure appropriate information and support for each phase, including pre- and post-deployment. We have also established five hotlines in Germany, and a Bosnia Home Page on the Internet.

In addition, our Dependent Schools overseas are providing assistance groups with certified counselors, school psychologists, and social workers. These groups will provide counseling to children to help them cope while their military parents are away from home.

Finally, the Department's Morale, Welfare, and Recreation Programs provide numerous programs for families of those deployed and are also providing on-site programs and services to deployed service members.

Community and Family Support Programs

The Department provides social service, recreational, and education programs wherever military families are stationed that mirror those found in civilian communities, while being tailored to unique challenges associated with the more mobile military lifestyle. The Department is also preparing a range of initiatives to maximize opportunities for Reservists and their families to participate in military community life. Our budget request continues funds for Service Member and Family Support Programs; Morale, Welfare, and Recreation Programs; Off-Duty Voluntary Education Opportunities; the DoD Education Activity; and the Defense Commissary Agency and Exchanges. Highlights from each of these areas follow.

Child Development: The DoD child care program is by far the largest and one of the most successful child development systems in the world. Over 65 percent of military spouses are in the labor force, and many require child care. The Department recently reassessed the need for child care and documented that military families had some 299,000 children who need some kind of child care. We are currently meeting about 52 percent of this need. The Secretary added \$38.1 million in FYs 1995, 1996, and 1997 to move child care availability toward the Department's short-term goal of 65 percent of the Department-wide demand. We will accomplish this by increasing child care spaces by about 39,000 children, with most of these spaces in the school-aged care programs. Our ultimate goal is to provide 80 percent of the Department-wide child care demand in the future. Our FY 1997 budget requests funding to continue this initiative. We are also conducting tests of outsourcing child care, recognizing that the Department is nearing maximum potential to meet child care needs on base.

Family Advocacy: The Family Advocacy Program (FAP), now in its eleventh year, has contributed to making the rate of substantiated child abuse in military families less than half of the civilian rate. FAP has also been successful in protecting victims when child or spouse abuse has

occurred and in treating both the victims and the abusers. During FY 1997, FAP will emphasize prevention of spouse abuse and provide advocacy services to victims of child and spouse abuse.

Model Communities (Youth Initiative): Installation commanders and parents have identified increases in youth violence and gang activity on installations as major concerns. As a result, DoD established a model communities incentive award program to encourage installations worldwide to take responsibility for the problems of youth and provide them with positive alternatives and a sense of connection to their communities. Each participating installation submitted proposals defining their local needs and describing a plan to meet them. The 20 winning installations will serve as test projects for new ideas and as models for military bases around the world. The winners received up to \$200,000 per year for a three-year period. Over the three years, DoD's investment in developing innovative programs in this area will be \$6.4 million.

Family Center Programs: The Department's 291 Family Centers continue to be the focal point for our basic social services and support networks for the military community, offering a host of education, prevention, and social programs. In FY 1997, special emphasis will be placed on personal financial health and spouse employment assistance. The spouse employment programs will focus on helping job seekers find civilian-sector jobs as the federal sector opportunities normally sought by military spouses dwindle.

Relocation and Transition Assistance Programs: Congress has directed the Department to report on phasing out our Relocation and Transition Assistance Programs and on what, if any, residual funding is required. This report is being prepared; however, we do not view the basic functions of either of these programs as temporary.

The Relocation Program provides education and assistance to the more than one-third of our force that relocates each year. It has been and continues to be integral to our Family Center network and provides benefits far beyond its annual \$18 million cost.

Equally as important, Transition Assistance to the almost 300,000 service members who leave the military each year remains a priority. The Defense Outplacement Referral System, a resume database referral system linking private sector employers to departing service members and spouses, had over 69,000 personnel and 13,431 employers registered in 1995. The Transition Bulletin Board, an automated system that allows employers to list actual job openings that service members at military installations worldwide can see, had 47,343 job openings and business

opportunities listed in 1995. These programs help service members find jobs more quickly and account for a cost avoidance of \$152 million annually that would have to be spent for unemployment compensation.

While we cannot phase out our important relocation and transition programs, we are looking at innovative strategies for making them more affordable in the future.

Morale, Welfare and Recreation Programs: The Department of Defense provides Morale, Welfare, and Recreation (MWR) programs--recreation and youth centers, libraries, sports and athletic programs--to provide a wholesome community for our military members and their families. MWR programs also include revenue-generating activities such as bowling centers and golf courses, which not only provide recreational opportunities but also generate profits used to improve other community MWR programs. The programs and activities offered at our installations worldwide contribute to physical fitness and esprit de corps and aid in recruitment and retention of personnel.

During the last two years, the Department has improved and updated MWR programs. Beginning in FY 1996, we increased funding to make Service appropriations for these vital programs more consistent. Funds were targeted for improvements in Marine Corps and Army programs. For FY 1997, the Navy has budgeted funds to improve fitness centers and libraries afloat, an action that will improve quality of life aboard over 350 ships. As a result of a finding from the Quality of Life Task Force, we will be examining the programs and facilities we provide for physical fitness on our installations and working with the Military Departments to address shortcomings.

Off-Duty Voluntary Education Programs: The Department has historically spent about \$220 million annually to support its very popular off-duty continuing education programs. About one-third of the active force participates in these programs, earning thousands of associate, bachelors, and masters degrees from nationally accredited colleges and universities. The Services provide their members with about \$135 million in tuition assistance annually. Current initiatives include connecting all education centers to the Internet and expanding options for service members to take courses and complete degrees using distance education opportunities.

DoD Education Activity: In FY 1997, we project that we will provide education to some 87,000 students in our DoD Dependents' School System overseas and 33,000 through our DoD

Domestic Dependent Elementary and Secondary Schools stateside. Additionally, we have oversight responsibilities and fiscal support of eight special contractual arrangements with local education agencies in five states and Guam, serving an additional 6,000 students. During the past year, we have developed an aggressive strategic plan to support continued quality and integrate the President's National Education Goals into our system. We have also integrated a technology initiative aimed at improving staff and student performance into the 21st century. We have added \$7.5 million to the DoD Education Activity technology plan to develop the President's technology initiative, which moves toward providing greater access to computers in classrooms, connects schools to the information superhighway, develops effective subject area curriculum software, and develops teacher ability to help students use and learn through technology. While we have been undergoing a tremendous amount of turbulence within our system over the past two years, we have successfully minimized any adverse effects on children's education. Students at our schools consistently scored 8-19 percentile points above the national average in all Comprehensive Test of Basic Skills and American College Test areas over the past school year. We project that we will complete most of our school closures and realignments in Europe and the Pacific by the end of this year.

Commissaries and Exchanges: The Department continues to support our Commissary system as an important element of the military non-pay compensation package and a critical aspect of quality of life. Secretary Perry remains firm that this benefit not be eroded. Commissaries enhance income through savings of about 20- to 25-percent on purchases of food and household items for the military member and family. For those stationed overseas, commissaries are often the only source of American products, and in isolated or remote areas, the only convenient source of groceries. We continue to work toward greater efficiencies in these stores. The Defense Commissary Agency recently received the Hammer Award recognizing significant innovations. It has also been selected as a candidate for the National Performance Review Performance-Based Organization (PBO) status.

Exchanges continue to support our service members and their families by providing goods and services to them at affordable prices. The exchanges also generate revenues that fund recreational activities. During the past year, the Department took a hard look at policies that describe where and when we can operate exchanges and commissaries. As a result, we have

begun to allow certain exchange operations and commissaries on those installations affected by closure or realignment where a significant number of active duty service members remain. Recognizing that members of the reserve component could also lose their exchanges and commissaries as installations closed or realigned, we opened up a new BXMart at Homestead Air Force Reserve Base in Florida. We will establish future test BXMarts only where programs indicate a profitable outcome.

CONCLUSION

Advanced weapons give U.S. armed forces tremendous advantages, but our national security ultimately relies on the quality and commitment of the men and women who serve in uniform and the civilian employees who support them. As the backbone of U.S. national security strategy, America's armed forces are ready today to carry out this strategy. To maintain that status, the Defense Department will continue to place its emphasis on quality people, quality training, and quality of life. The programs I have detailed to you in this statement are aimed toward these three goals, and we ask you to support them. With the continued assistance of this subcommittee and the Congress, we will ensure that the U.S. armed forces remain the best in the world.



STATEMENT

BY

CHIEF MASTER SERGEANT JAMES D. STATON, USAF (RET.)

EXECUTIVE DIRECTOR

AIR FORCE SERGEANTS ASSOCIATION

**BEFORE THE HOUSE COMMITTEE ON NATIONAL SECURITY
SUBCOMMITTEE ON MILITARY PERSONNEL**

ON

QUALITY-OF-LIFE ISSUES

MARCH 12, 1996

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Mr. Chairman and distinguished committee members, I appreciate this opportunity to offer comments on the current quality of military lives and ways to improve lagging areas. Last year, your committee made strong progress in fixing problem areas and clearly showing congressional interest in the lives of our enlisted force. As you know, today's military is far different than that in years past. The all-volunteer force has meant a large increase in the number of married military members (now about 70 percent of the Air Force). Naturally, this means that emphasis must be placed on the needs of military families. However, further measures must be taken to improve the benefits of single enlisted members as well. Finally, retirees are grateful that their Cost-of-Living Adjustment (COLA) situation was resolved satisfactorily; however, there remain other areas that are of concern to former military members. I will now address AFSA's concerns regarding quality-of-life issues.

1. Active Duty Pay. Problem: It has been estimated that active duty pay is approximately 13 percent below the pay of comparable civilian jobs. Further, pay raises, by law, are mandated to be the full Employment Cost Index (ECI) minus one-half of a percentage point, which guarantees that it will keep falling further behind the actual inflation rate (as measured by the Consumer Price Index), making it more difficult for military members to provide for their families. The ECI is not an indicator of the cost of living, and it does not reflect the overall inflation rate. **Solution:** A full catch-up pay raise should be provided. Since that may not be economically feasible at this time, annual pay raises should at least be given at the full, *actual* inflation rate.

2. Military Construction. Problem: Of the 387,000 DOD-owned or leased homes (all services), *64 percent* are classified as unsuitable. The cost of deferred maintenance, repair, revitalization and replacement is around \$20 billion and would take 30 years to fix at today's levels. In addition, *62 percent* of dormitories are subject to overcrowding, poor condition and a lack of amenities, and revitalization and maintenance backlogs are now in excess of \$9 billion.

Additionally, the increase in operations has created a strong need for military families to have access to family services facilities. The most common concern of young families that AFSA receives is the lack of space in child care facilities, including drop-in and daily care. Child Development Centers (CDC) have become one of the most important Air Force programs, particularly to junior enlisted members. Their funding is matched by DOD at least one dollar for every dollar paid by parents. While CDCs currently have the capacity to provide care for 48,988 children per day, there are 36,949 children unable to find CDC space. Current plans to expand capacity would do so by only 13,000 spaces over the next five years, meeting only 65 percent of the need for child care. 24,000 additional spaces are needed to provide care for children ages 0-5 (who are the most expensive to provide care for off-base), while over 12,000 spaces are required for before- and after-school care for children ages 6-12. Additionally, there is only enough approved funding for 57 percent of the CDCs' staffing needs. This particularly limits infant and

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toddler care, because one worker is needed for every four children in this age group. Off-base care can cost two to four times more than CDC care. *Child care is essential because the majority of the 300,000 children up to 12 years of age are from single-parent, dual-military or dual-working families.*

Solution: Continue consideration of utilizing private sector resources. However, do so only with careful oversight by your committee and DOD. It is clear that the current construction systems for housing and other areas is untenable. However, the ultimate responsibility for successful implementation and oversight of a new system is the government's. For child care especially, further funding authorization is needed for both construction and staffing requirements. The enlisted force needs greater help in this area.

3. **Allowances.** **Problem:** The Basic Allowance for Quarters and the Variable Housing Allowance, combined, still do not equate to 85 percent of off-base housing costs. Currently, they are about 80.5 percent. Further, out-of-pocket costs associated with permanent change-of-station moves are still too high for many military families.

Solution: Continue to increase the BAQ rate so that it and the VHA rate, combined, cover 85 percent of off-base housing costs. Further, increase allowances associated with permanent changes-of-station, including: Mileage allowance; removal and reinstallation of catalytic converters; round-trip travel for shipment of vehicles to/from overseas; vehicle storage for members assigned to overseas locations with restrictions on the shipment of vehicles; and, an increase in the dislocation allowance.

4. **Health Care.** **Problem:** Access for a large group of military beneficiaries is less than promised or non-existent. Base closures and cutbacks in the Military Health Services System have ended access for many, especially older military retirees. Further, current law prohibits participation in the TRICARE system past age 65. Medicare is an inadequate substitute for these beneficiaries, especially in the area of pharmaceuticals, which Medicare does not cover. **Solution:** Congress *must* pass Medicare subvention. If this does not happen, then TRICARE Standard (CHAMPUS) as a second payer to Medicare is a viable alternative. Further, the TRICARE mail-order and retail network pharmacy programs should be expanded to include all over-65 beneficiaries, not just those in Base Realignment and Closure areas.

5. **Cost-of-Living Adjustments (COLA) and the Survivor Benefit Program (SBP).** **Problem:** Current law dictates that annual increases in the SBP program occur on January 1 in accordance with the established CPI for that year. The CPI also dictates how much the annual retired pay COLAs will be that year. However, even when COLAs are delayed, the SBP premium increase occurs on January 1 as if the COLA had been given. The net effect is a loss in actual retired pay until the annual COLA is effective. **Solution:** Include language in the Fiscal Year 1997 Authorization Bill that dictates that SBP premium increases cannot occur until the same time as COLA increases.

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6. **Commissaries.** **Problem:** Studies and discussion continue on privatizing the commissary system, or changing it for one or more groups (such as retirees, dependents and survivors). Privatization would lead to the closure of commissaries in remote areas, which would harm enlisted members stationed in those places. Private contractors would not operate commissaries in these places because they would not be economical. That is the reason for the current system, which guarantees that most military members have access to the commissary's cheaper goods, which allows them to stretch their lowered rates of pay. The commissary benefit is non-pay compensation that is very important to the financial well-being of enlisted families. In addition, retirees, dependents and survivors were promised, as part of their enlistment package, lifetime use of the current commissary system. Changing the system for them in any way would be the breaking of another long-standing promise. **Solution:** Include language in the 1997 Authorization Bill that would specifically prevent *any* changes in the current system without congressional approval.

7. **Overseas Cost of Living.** **Problem:** The volatility of overseas currency has a dramatic impact on enlisted compensation. While there are housing allowances available that provide some protection in high-cost areas, there is no similar protection in the area of pay. This causes a significant number of enlisted family members to return to the United States while the individual service member remains stationed in that area. **Solution:** AFSA suggests that the committee offer ways to aid enlisted members stationed in areas with extraordinarily high costs of living. We urge that a program be implemented that ensures that enlisted members are not hurt by the currency fluctuations.

Mr. Chairman, AFSA and the enlisted component that it represents are grateful for the strides you have made in improving the quality of their lives in the past year. AFSA is confident that you will continue with your efforts during this session. We believe that the suggested solutions are useful in determining what else is needed to continue the improvements. As always, AFSA is ready to assist you in matters of mutual concern.





STATEMENT

BY

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DIRECTOR, MILITARY AND GOVERNMENT RELATIONS

AIR FORCE SERGEANTS ASSOCIATION

**BEFORE THE HOUSE COMMITTEE ON NATIONAL SECURITY
SUBCOMMITTEE ON MILITARY PERSONNEL**

ON

THE RESERVE FORCES REVITALIZATION ACT

MARCH 21, 1996

AIR FORCE SERGEANTS ASSOCIATION

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Mr. Chairman and distinguished committee members, thank you for this opportunity to comment on H.R. 1646, the "Reserve Forces Revitalization Act." The bill contains features important to Guard and Reserve members, who clearly deserve enhanced benefits as they are increasingly relied upon as a part of the "Total Force." As you know, AFSA is one very important voice for the enlisted members of the Air Force, Air Force Reserve and Air National Guard. My comments today are made on their behalf.

Two very important items mentioned in the Revitalization Act have already been approved by your committee and Congress, and enacted as part of the 1996 Defense Authorization Act -- income and dental insurance programs. However, one aspect of the dental insurance plan that H.R. 1646 contains but that the 1996 Defense Authorization neglected to include is coverage of dependents. Adding such a provision to the plan already approved would be beneficial in easing stress for those reservists who lack such coverage for their families.

We must be ever mindful that traditional reservists are productive citizens with civilian occupations, in most cases. It is through extraordinary personal motivation and, oftentimes, sacrifice that they agree to take up arms and subject themselves to unlimited liability. It is important for our nation, which asks so much of Guardsmen and Reservists, to protect these true citizen-soldiers. We must also give consideration to the civilian employers of reserve component members. With those thoughts in mind, I ask you to consider the following comments on other specific items contained in the Reserve Forces Revitalization Act.

Tax Credits for Employers: AFSA has long supported a variety of tax incentives for employers of Guardsmen and Reservists. Chief indicators of the need for such incentives were the conclusions of the Sixth Quadrennial Review of Military Compensation. It found that employment discrimination against reservists is significant and may be manifested in several ways, including: Discrimination at hiring; failure to keep a reservist's job open until his/her return from initial full-time training; the imposition of costs on reservists during their enlistment, including the forced use of vacation time or leave without pay during annual training; passing over reservists for promotion; and making it clear to the reserve employee that another enlistment could jeopardize his/her chance for employment or promotion.

AFSA supports the legislative initiatives discussed in the bill, as they would aid employers whose employees are absent for required or involuntary training and active duty. Employee absences caused by duty impose costs on employers. Employers should be supported by Congress with tax credits to compensate for the costs that are incurred when having to cover reserve employee absences.

AFSA also supports tax credits not specified in H.R. 1646. Credits should be provided to an employer when a reservist is hired, providing an incentive to hire an employee who

(more)

has certain scheduling difficulties. Other tax credits would be helpful incentives to convince employers to continue compensating employees called to active duty. These actions, combined with the income insurance program passed in the 1996 Defense Authorization Act, would provide reservists with a greater piece of mind regarding their employment situation.

Low-cost Loans to Small-business Owners: During the Persian Gulf War, a number of reservists who also are small-business owners lost all or part of their business due to their absence. A low-cost program to help this group in the future, including those who are called back to duty following retirement, would be helpful.

Lowering the Costs to Reservists of Training Expenses: Restoring the tax deductibility of non-reimbursable expenses and providing authority to cover the housing charges of reservists who must travel over 50 miles for training would be of the utmost fairness. Reservists should not have to *subsidize* their training expenses nor suffer a loss for serving their nation.

Local Community and Military Personnel Mutual Benefits Program: AFSA strongly supports DOD entering into an agreement with retail merchants to provide price discounts to reserve members. Equally as important, AFSA still supports opening up commissaries for year-round unlimited access by reservists. As we've testified in the past, these men and women who put their lives on the line have earned this benefit, and the antiquated, wasteful commissary privilege card system makes no sense. Increased benefits of this nature would show Guard and Reserve members that their service is valued.

Mr. Chairman, AFSA appreciates the important new programs and enhanced benefits that are a part of the 1996 Defense Authorization Bill. The increased workload of the reserve component has necessitated this detailed review of compensation areas. The Reserve Forces Revitalization Act would add further necessary and long-sought benefits that would improve the ability of deserving reserve members to perform their duties with fewer concerns. AFSA wholeheartedly supports the inclusion of these benefits in the 1997 Defense Authorization Act. As always, AFSA is ready to support you in matters of mutual concern.



**REPORT
OF THE
DEFENSE SCIENCE BOARD
TASK FORCE
ON
QUALITY OF LIFE**



**Office of the Under Secretary of Defense for Acquisition
and Technology**

OCTOBER 1995

This report is a product of a Task Force organized under the Defense Science Board (DSB). The DSB is a Federal Advisory Committee established to provide independent advice to the Secretary of Defense. Statements, opinions, conclusions and recommendations in this report do not necessarily represent the official position of the Department of Defense.

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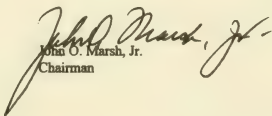
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MEMORANDUM FOR SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE
THROUGH: UNDER SECRETARY OF DEFENSE (ACQUISITION
& TECHNOLOGY
CHAIRMAN, DEFENSE SCIENCE BOARD

SUBJECT: Report of the Task Force on Quality of Life

On behalf of the members of the Task Force on Quality of Life in the Armed Services, it is my pleasure to present this report. We thank you for the opportunity to contribute to your commitment to the quality of life for those who serve in all of our Armed Forces and their families, and we hope that the recommendations contained in the report will be helpful.

The Task Force is grateful to the leadership and staff of the Defense Science Board, and the Department of Defense Executive Committee on Quality of Life, for their whole-hearted support in this endeavor.


John O. Marsh, Jr.
Chairman

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DEFENSE SCIENCE BOARD TASK FORCE ON

QUALITY OF LIFE

FINAL REPORT

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The Task Force wishes to express its sincere thanks to Colonel Nida and the US Army Corps of Engineers Transatlantic Division for their superb support.

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ABOUT THIS REPORT

This Report provides the Secretary of Defense with recommendations regarding ways and means to improve Service quality of life. It is the product of a Task Force specifically chartered to study military housing, personnel tempo, and community and family services.

Conceptually, these areas represent three of the five elements that help define the quality of life package. The other two, service compensation and medical care, are under review by other organizations. As a result, these important issues are excluded from direct analysis and discussed only when they have a bearing on military housing, personnel tempo, or community and family services. Furthermore, our emphasis was on Active and Reserve forces, rather than the retired community.

Each section of this report is presented in a format that best suits the topic. Housing, for example, is a resource-driven concern and thus, lends itself most easily to a framework that highlights fiscal and other resource imperatives. Personnel tempo, on the other hand, is more policy driven and is best presented in a format designed to focus on matters of regulation, procedure, and guidance. Finally, community and family service concerns include a mixture of resource and policy driven initiatives, best presented by a mixed format. The result is three nearly stand-alone sections, linked by their individual contributions to Service quality of life.

In addition to extensive research conducted using the inputs of a variety of government and private organizations, numerous site visits, interviews and "town meetings" were completed. It was impossible to visit every installation and discuss every unique circumstance or environment. However, a concerted effort was made to visit a variety of locations that would ensure a thorough and complete cross-section of issues and opinions.

This Task Force brings to the quality of life issue, a varied and widely experienced group of professionals devoted to the task at hand. Chairman Marsh expresses his sincere thanks to all for a job well done.

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CHAPTER 1 INTRODUCTION AND SUMMARY

[R]eadiness is associated most closely with the morale and esprit de corps of U.S. soldiers, sailors, airmen, and Marines. These intangibles are maintained by ensuring the best quality of life for people in uniform and their families. Quality of life falls into three general categories: standard of living; . . . demands made on personnel, especially time away from family; and other ways people are treated while in the Service."

—WILLIAM J. PERRY, Secretary of Defense,
1995 Annual Report to the Congress

The mission of the U.S. Armed Forces is to fight and win the Nation's wars. Although the Cold War is over, the world is still an uncertain place. New threats to U.S. interests can emerge anytime, anywhere. To defend the peace, the men and women of the Armed Forces must be able and ready at all times.

An "iron logic" connects the Armed Forces' readiness and their quality of life, according to Defense Secretary William J. Perry. This assertion is backed by the collective experience of senior members of the Defense Department and by empirical evidence. For example, quality of life, pay and housing topped a list of 53 reasons Army troops gave for leaving, in a comprehensive survey conducted in 1994 by the U.S. Army Research Institute for the Behavioral and Social Sciences. No American can afford to ignore this unbreakable link between readiness and quality of life.

For nearly a year, the Task Force on Quality of Life observed and discussed living and working conditions with Service men and women across the United States and abroad. In this *Report*, the Task Force presents its findings and recommendations for housing, personnel tempo and community and family services.

Without any legislative changes, the Defense Department and the Services can institute most recommendations. Others will need legislative action by the Congress. In both instances, *the Task Force finds* that the time to act is now. Service people need relief from inadequate housing, unsustainable personnel tempo and inadequate community and family support for the good of the All Volunteer Force system.

Overall re-enlistments (with differences between Services) are keeping the Armed Forces up to strength, but first-time enlistments have declined based on surveys reporting on the propensity to enlist. Task Force members do not think the current retention rate will hold, if the complaints heard in "town meetings" and conversations with Service people and their families are representative.

Task Force members agree unanimously that putting off action may increase the eventual costs of a recovery. Deputy Defense Secretary John White has observed, "Quality of life is like inflation—once you get behind it, it costs an enormous amount to get back on track; and it already carries some of our highest up-front costs."

As an aid to improving the quality of military life and encouraging enlistment and retention, *the Task Force finds* that the Department of Defense should develop and maintain a data base of reasons given for joining and leaving the Services. This data base would allow continuous

evaluation of the effectiveness of recommendations offered in this *Report* and provide the necessary statistical foundation for sound decision-making.

The Task Force recognizes that spending to modernize force structure should be appropriately balanced against spending to enhance the quality of life in the military. Well-equipped forces have the instruments to win war and forces satisfied with their quality of life are motivated to fight—this is the "iron logic" of readiness. Quality of life is a means to this end, not the end in itself.

THE CURRENT ENVIRONMENT

The United States Constitution provides the framework for American military structure. Within this constitutional framework, the Department of Defense is responsible for maintaining an armed force to support and defend the country against all enemies, foreign and domestic.

Diverse Threats

The clear focus of the Cold War has been replaced by diverse threats to U.S. interests worldwide. The President's most recent *National Security Strategy* delineates the concept of global engagement and enlargement and defines the military capabilities necessary to meet global challenges. This strategy depends on the maintenance of forces necessary to deter or defeat aggression in major regional conflicts, provide credible overseas presence, counter weapons of mass destruction, contribute to multilateral peace operations and support counter-terrorism and other national security objectives.

Soldiers, sailors, airmen and Marines are called upon to provide these capabilities in a complex and challenging environment. The success of the President's strategy of engagement and enlargement, in conditions of global turbulence, will require the maintenance of a strong professional military well into the future.

The Modern Volunteer

A new, All Volunteer Force has evolved since the end of the selective service draft system in 1973. Volunteers are older than draftees, more technically astute, educated, career oriented and operate in a more complex environment.

Following Operation Desert Storm, this force of volunteers was acknowledged as the world's finest and most professional by the allies as well as the American people. Opinion polls continue to show time and time again that the American public considers its military volunteers to be among the country's most skilled, dedicated and courageous professionals. To ensure this perception remains accurate, military volunteers must be provided a quality of life that encourages the skilled and disciplined to stay and attracts promising young people to join them. Voluntary service is inexorably linked to quality of life.

THREE KEY QUALITY-OF-LIFE ELEMENTS

Housing, pace of life and community and family services within the military are keys to quality of life in the Armed Forces.

Housing—The First Key

There are few human needs in life more basic or important than a decent place to live. Housing is certainly on our people's minds. Every time I visit an installation and sit down with enlisted folks to hear their concerns, they bring up housing. We have a special duty to ensure quality housing.

—SECRETARY OF DEFENSE WILLIAM J. PERRY,
Installation Commanders' Conference, January 23, 1995

Despite the resources expended on military housing, much of it still fails to meet the Defense Department's intended goal—to provide excellent housing facilities and services to all eligible military members, their families, and eligible civilians—the Task Force finds. Correcting deficiencies will be expensive, but failure to attack current problems will produce greater hardship and expense in the future and delay may cost the Armed Forces talented people needed for its mission.

The Task Force also finds that the delivery system is so intrinsically flawed that it should be replaced with an entirely new system. The system should be run by a *Military Housing Authority*, using private housing industry management principles and practices. Like any other company, the proposed *Authority* would be empowered to raise operating and investment money from private sources.

The Housing Environment

Most installations have some fully adequate family and bachelor housing, but the Task Force saw hundreds of instances of inadequate housing in its travels—too small, poorly maintained and inconveniently located. Also noted were instances of substandard plumbing, heating, cooling and electrical systems that made daily activities a trial and lowered morale. Moreover, the bachelor housing at many posts also failed to meet minimum standards of privacy and comfort.

Housing is provided to military members via two distinct methods: assignment of government-owned or -leased quarters or payment of a housing allowance toward costs of living off-base in the local community. Currently, 35 percent of military families and 82 percent of single and unaccompanied members live in military housing. Sporadic funding for construction and maintenance of this housing has left much in disrepair and without typical amenities found in the local community.

Housing Assets. The Department of Defense owns or leases about 387,000 family homes. The average age is 33 years. Deferred maintenance, repair, revitalization and replacement has reached almost \$20 billion, and 64 percent of military homes have been classified as "unsuitable" for various reasons. Likewise, some 15 percent of military families live in private sector homes in the local community that are not considered "acceptable" under current department criteria.

Bachelor housing problems are equally significant, with total maintenance, repair, revitalization and replacement backlogs reported at more than \$9 billion for all Services. Currently, 62 percent of the 612,000 bachelor housing spaces for permanent party unaccompanied personnel are considered "substandard" because of overcrowding, poor condition or lack of amenities. Furthermore, differing Service priorities have produced a wide variance in bachelor housing configurations—including many with three or four to a room, or with central bathrooms on each floor. As joint interaction has grown, this has become a source of dissatisfaction for Service members.

Systemic Flaws. Collectively, these circumstances reveal an inherently flawed housing delivery system. Primary causes include unclear, incomplete housing policy that promotes inequity between married and single personnel, between residents assigned to quality housing and those assigned to housing in poor condition, and between residents of military housing and Service members living on the economy; lack of vision and strategy to effect change; failure to insulate funding from cyclical changes caused by political decisions, tight budgets and shifting priorities; and overly restrictive laws and regulations that escalate costs and limit use of private resources, private industry practices and standards. Appropriated housing construction and maintenance funding, as well as allowance structure are not equal to the task. Secondary reasons, including local management, security, etc., also show a need for major systemic improvement. Additionally, current financial rules (e.g., "scoring") virtually preclude any innovative, creative methods to encourage or promote private sector resource opportunities.

A Systematic Approach

To resolve these problems, *the Task force recommends* that the Department of Defense adopt the following housing goals:

- *Goal 1.* Assure members of the Armed Services and eligible civilians access to affordable, quality housing to promote: *high morale* and *readiness* for combat and other military contingencies; *military objectives* (e.g., personal responsibility, initiative, teamwork, cooperation, socialization, community support); *retention* (career service and commitment), and *recruitment*.
- *Goal 2.* Support near-term efforts, such as new legislative authorities being considered by the 104th Congress, to expand housing resources and widen their impact.
- *Goal 3.* Address other key near-term issues that impair effective housing delivery or cause members and families concern such as: policies, standards, procurement laws and regulations, funding and other related concerns.
- *Goal 4.* Identify an effective structure for an alternative Defense Department system to deliver and maintain quality housing at affordable, commercially comparable costs.

To meet these goals, *the Task Force recommends* a three-stage strategy to be implemented over three years.

First Stage. This stage lays the foundation of all succeeding changes. It consists of the private venture capital initiatives awaiting congressional approval at this writing. These initiatives will enable access to private capital at reduced risk to the private investor and provide the department with an array of tools for constructing new and revitalizing existing housing. Their provisions will enable new government guarantees, commitments and investment opportunities. Realizing progressive benefit from these authorities will take up to three years.

Second Stage. This stage also begins immediately and may take up to three years to effect. Recommendations for this stage focus on review and revision of housing policy, laws, standards, criteria and regulations and on ways to improve ineffective and inefficient funding practices.

Policy. Despite family housing appropriations that have averaged \$4.5 billion annually over the past five years, current housing management policy—to provide excellent housing—is not being met. Basic policy fails to ensure all members access to adequate and affordable, community-comparable housing and does not encourage a sense of community responsibility in residents. Current family housing assignment policy does not place enough emphasis on ensuring that junior enlisted families are adequately housed—evidenced in the fact that 12 percent of all E1-E3 personnel are today unsuitably housed in the local community.

Bachelor housing policies are also deficient, giving the impression that single members are less important. Single members have consistently voiced their dissatisfaction with their living conditions, especially the lack of space, privacy and basic amenities. Housing philosophy and policy must be rewritten to ensure it is equitable and promotes high morale, readiness, esprit-de-corps and a sense of personal responsibility and community support.

Standards, laws, and regulations. Complicated, costly, time-consuming and frustrating military construction laws, regulations and standards decrease interest of private developers and financiers, and increase military housing costs by up to 30 percent, depending on locale. Rules that discourage efforts to provide quality housing must be changed.

Housing suitability criteria also should be reviewed. Current criteria provides insufficient guidance to commanders for determining “unacceptable housing locations” and should be changed to reflect realistic standards for acceptable commute times, out-of-pocket expenses, square footage needs, housing conditions and amenities. Current suitability criteria address only non-government family housing, completely disregarding bachelor housing and military housing. *The Task Force recommends* that guidelines be written for all government housing and non-government bachelor housing, as well. Such criteria serve as a guide to developers and military members and helps to identify requirements for future construction.

Funding. In the main, housing is a resource-driven concern. Therefore, *the Task Force also recommends* that the Defense Department seek appropriate legislative changes and establish necessary provisions to ensure adequate and consistent funding for housing. The department should:

- Maximize private sector funding through new legislative authorities and focus its application on expanding housing assets in the private sector and maintaining the existing military inventory.

- Prioritize use of appropriated funds to maintain/revitalize the current inventory, seed private sector joint ventures and build new only where the local community is unwilling or unable to provide housing.
- Increase housing allowances to reduce, to the 15 percent limit intended by the Congress, the amount of money those living in the private sector must spend over and above their housing allowances.
- Establish housing allowance increases on a relevant data source external to the military community, such as the Housing Cost Index of the Consumer Price Index.
- Establish a housing allowance locality floor to ensure junior enlisted can afford suitable housing.
- If legislation being considered by Congress is not approved, continue to advocate a Variable Housing Allowance rate protection program to protect those with fixed mortgage or rent payments.
- For personnel involuntarily assigned to unsuitable military quarters, rebate a portion of the Basic Allowance for Quarters.
- Request authority to provide housing allowances for all military members, applying such to a special fund to work off the current maintenance, repair and revitalization backlogs and establish a funding stream for a *Military Housing Authority*.
- Seek authority to fence bachelor housing operations and maintenance funding, and require Service accounting in such manner as to make visible requirements, appropriations and execution.
- Aggressively revitalize existing bachelor housing to meet or exceed the current standard; and ensure replacement/new construction are at the proposed new standard, once approved.

Third Stage. Fundamental to this stage and to the successful implementation of any comprehensive restructuring of military housing, is the creation of a nonprofit government corporation called the *Military Housing Authority*. This *Authority*, similar in concept to numerous state quasi-governmental agencies (that have successfully built three million homes) and the Australian Defence Housing Authority, is envisioned to be a thin, umbrella organization which manages all aspects of the military housing delivery system. Housing development and maintenance and operations would be executed through local contracts with private industry.

This *Authority* would be run by a small Board of Directors (Secretary of Defense, Service Secretaries and civilian experts, etc.) who are committed to supporting the mission of the Armed Forces. A Board of Advisors, with Defense Department representatives and private-sector

experts; a head office to run day-to-day operations; and regional management centers to award and manage local contracts, is envisioned.

Under this system, all military members would receive Basic Allowance for Quarters and Variable Housing Allowance—allowances for residents of military housing would be transferred directly into a *Military Housing Authority* account. All existing military housing assets would also be transferred to the *Authority* and new legislative authority would endorse asset leveraging for the execution of all normal housing system functions; i.e., sale, purchase, maintenance, loans, etc.

The *Authority* would use a combination of corporate, housing allowance and Defense Department contributions as its funding stream. As a nonprofit government corporation it would be exempt from federal procurement laws and regulations and civil service. It is envisioned that scoring would be limited only to federal funds.

Over time, this *Authority* would cut costs, use proven private sector methods of housing delivery, improve asset management and expedite realization of quality housing for the Armed Forces.

Personnel Tempo—The Second Key

The drawdown has caused many Service members to question their long-term commitment and the prospect of a full career. The turbulence of consolidations and base closures has disrupted assignments and family life.

—SECRETARY OF DEFENSE WILLIAM J. PERRY, Briefing on Launching
The Quality of Life Task Force Study, November 1994

Early in its review of Service personnel tempo, the Task Force discovered five fundamental facts. First, no clear and universally accepted definition of personnel tempo exists. Second the profile of the active force and its operating environment have changed dramatically over the past decade. Third, the means of measuring personnel tempo varies widely among the Services. Fourth, while circumstances drive some personnel tempo beyond the control of the Department of Defense, some elements can be influenced. And fifth, the consequences of excessive personnel tempo impair readiness and influence every other aspect of quality of life.

Excessive personnel tempo threatens long-term readiness. Statistical evidence provided by the U.S. Army Research Institute for Behavioral and Social Sciences demonstrates that there is a direct correlation between family separations, adverse retention rates and spousal support for an Army lifestyle.

Furthermore, during travels and talks with Service men and women, the Task Force discovered that they equate personnel tempo quite simply with the amount of time that they are required to spend away from home.

The Personnel Tempo Environment

Since 1989, end strength in the Department of Defense has decreased by 28 percent while Joint exercises and *Service-unique* training have increased. For example, a randomly selected snapshot of Air Force personnel in September 1994 showed that the number deployed away from home units was four times higher than five years earlier. As a result, some Service members did not have enough time to study and missed promotion opportunities—55 of 55 eligible for Technical Sergeant at one high personnel tempo Air Force base failed to be promoted this year. Disruptions to family life, assignment plans, and general stress plague others.

Financial difficulties and family anxieties are also increasing. These conditions have been exacerbated by the unprogrammed cost of contingency deployments which have diverted funds from Operations and Maintenance accounts that could have been used to enhance quality of life programs. In Fiscal Year, 1995, \$9.2 billion from these accounts was spent on operational contingencies. Although these accounts were eventually replenished by supplemental funding, quality of life programs had already been impaired.

This diversion of funds comes about because the Congress, as a matter of policy, will not fund for contingencies in advance. Months or years later, when supplemental funding is finally provided to cover costs of operations, the damage from this diversion has already occurred. This situation continued in Fiscal Year 1995 as Congress required full justification for all contingency costs incurred. It is doubtful that the diversion of funds from quality of life issues can continue without impairing future readiness. *The Task Force*, therefore, *concluded* that imperative operational activities must place a premium on the efficient use of scarce resources.

Operational Tempo

Because the Services use different accounting methods and definitions, actual time deployed is hard to assess and impossible to compare. For example, the Navy only credits a unit—not individuals—with a deployment when underway time exceeds 56 days—the Marine Corps, over 10. Since any recommendation to relieve personnel tempo must start with an accurate baseline, *the Task Force finds* that the Defense Department should issue a single, simple formula for counting deployed time:

1 day away = 1 day away.

Part of the solution is to make as much *Service-unique* training as possible concurrent with joint training—carefully folding Service training into joint exercises, meeting both objectives without extending deployment time. This perspective could be made to work through centralized oversight. *The Task Force endorses* General Shalikashvili's recommendation that this oversight be provided by an already existing council in the Joint Staff. This council would provide *centralized senior oversight* and rational guidance for "right sizing" of joint exercises and Military Department inspection activities that relate to readiness. To reduce personnel tempo, this panel would also review and foster support for training techniques (e.g., simulation, interactive computer war games, tactical exercises and distance learning) that employ the minimum number of troops and the least materiel.

Of these techniques, simulation deserves particular attention. Cutting-edge technologies in connectivity and simulation offer great potential for improved readiness and relief from personnel tempo. These technologies should be used whenever possible.

To complete the circle on all these initiatives, *the Task Force recommends* that the unified Commanders-in-Chief provide the Secretary, in their quarterly reports, an explanation of their efforts to "right size" joint exercise activity so as to reduce operational tempo. *The Task Force further recommends* the use of these initiatives to reduce equipment tempo—another major concern under tight modernization budgets.

Reserve Component

The modern Guard and Reserve forces provide a credible and effective part of the total force package. Unique core competencies and a skilled Reserve Component make the National Security Strategy workable. Judicious use of these forces would be one way to distribute personnel tempo more evenly over the total force.

Reserve Component contributions will undoubtedly continue to grow in coming years, but their members do not yet enjoy the same status as Active Component members. For example, Reservists assigned to temporary active duty for less than 31 days do not receive medical care, insurance and other benefits given to the Active Components. These disparities should receive careful attention.

Organizationally, the Reserve Component should mirror the Active Component in structure, especially depth and flexibility. The Air Guard and Reserve, for example, smoothly integrate with the Active Component, partly because they allocate individuals and portions of units to ensure the best mix of resources to meet mission requirements. Furthermore, the Air Force Reserve Component is assigned missions but then given the latitude to determine the best resources for the task.

Using the Air Force as a model, unit packages and individual skills tailored to Active Component mission requirements would decrease overall Reserve Component costs, increase joint training opportunities and balance future skill levels. Likewise, a return to the *Roundout* concept of the Cold-War era would permit the Army to retain conventionally structured forces (divisions, brigades and the like) if that is the type force needed in the future.

As this reorganization takes hold, the Reserve Component will be better able to relieve the personnel tempo of the Active forces. The National Guard, for example, should be considered for increased responsibility in the ground-based U.S. drug interdiction effort. Likewise, a regeneration of the Key Personnel Upgrade Program, whereby highly qualified medical and dental personnel serve the Active forces, would improve services and reduce Active personnel tempo.

All these changes are designed to ensure seamless integration of the total force. In addition, *the Task Force makes the following funding recommendations:*

- Provide funding to the Joint Chiefs-of-Staff to promote use of Reserve personnel by increasing funding incentives (permanent Operation and Maintenance dollars at the Office of the Secretary of Defense) and develop an initiative earmarking a predetermined dollar amount for the use of

the Commanders-in-Chief when designating Reserve Component units and personnel for specified missions.

- Separate support and augmentation funding from training resources used by the Reserve Components to conduct Active or Reserve Component training. This money should be paid directly into Reserve Component training accounts.
- Earmark money in the Fiscal Year 1997 quality of life wedge for a Department of Defense contingency fund to reimburse the general treasury for the cost of an employer tax credit to employers whose Guard and Reservist employees are called to active duty in support of an operational contingency.

Finally, leadership will be necessary to make these changes effective. Future commanders should support Reserve Component integration and understand the capabilities the Reserve Component brings to battlefield and to peacetime contingency operations. *The Task Force therefore supports* a restructuring of Capstone and Senior Service School curricula to ensure a thorough and complete explanation of Reserve Component capabilities.

Contracting

Contracting for support services offers significant opportunities to relieve personnel tempo. Contractors in Southwest Asia after Desert Storm and more recently in Somalia, Rwanda and Haiti worked well. Using contractors also reduces the need for military housing and community and family services in deployed locations.

A comprehensive contractor integration program must possess three attributes:

- Contractors must be reliable and be responsive to Commanders-in-Chief in both peace and war. Contracts must be written in a way that ensures that contractors will continue to serve, and to deploy, during contingencies.
- Contracts should be fixed price incentive (as applicable) or other appropriate type for the services required. To help overcome natural resistance to additional use of contractors, the department could offer a cost share for worthwhile proposals.
- Contractors should be used to relieve personnel tempo in both Active and Reserve Components. Reserve forces are subject to the same or greater pressures as the Active forces from personnel tempo and need the same opportunities for relief.

To reduce obstacles to the use of contract services to support military operations, *the Task Force concurs* with the proposals of the Commission on Roles and Missions concerning legislative changes to initiate some contracting options and urges that those necessary recommendations be thoroughly examined.

Community and Family Services—The Third Key

Military people stay in the service because they like being part of something special. They won't stay long, however, if families aren't treated well.

—GENERAL JOHN M. SHALIKASHVILI,
Chairman of the Joint Chiefs of Staff, May 1995

The advent of the All Volunteer Force dramatically affected military demographics. The percentage of married personnel is up more than 8 percent since 1974; more spouses are employed (about 65 percent) and single parents (both men and women) are more common (5.7 percent of Army personnel; 4.3 percent of Marines). Furthermore, there has been a steady increase in the number of dependent preschool-age children and active duty Service members have about one million children younger than 12 years of age. Military recruits are more educated than in the past and cite educational benefits and job training as their top two reasons for enlistment.

These changes have taxed Community and Family Service programs at a time when they are needed most. Nearly 144,000 more spaces for child care are needed right now. More than \$34 million in bad checks are being cashed at Army and Air Force Exchanges each year, and bad credit is often cited as a reason for denial of security clearance. More than 28,000 cases of military family violence were substantiated in 1994.

To improve community and family life, *the Task Force finds* five strategies appropriate:

- Verify the current demand for services.
- Develop methods to measure program effectiveness.
- Balance the use of public and private resources.
- Seek appropriate legislative changes.
- Stabilize funding for Community and Family Service programs.

Child Care

Labor costs compose most of the total cost associated with child care and are driven by requirements to maintain a minimum staff-to-child ratio. Current Department of Defense policy directs that ratios in child care facilities mirror the average of those required by state regulations. *The Task Force finds* that full time equivalency rules restrict Commanders from meeting demand for child care. These rules impose civilian manpower ceilings that limit the ability of Commanders to hire additional child care staff. An exemption from full time equivalency rules for child care programs would provide Commanders the flexibility necessary to help eliminate staff shortfalls.

Child care is paid for by parent fees and appropriated funds. Although each Service receives an equitable share, appropriated disbursements are occasionally diverted by individual Services to meet other requirements. Thus, the availability of child care varies between the Services. To correct this discrepancy, *the Task Force finds* that child care programs require sustained appropriated funding.

In addition, new child care services and ideas should be carefully evaluated to see whether they will contribute to a better overall child care program. For example, through periodic surveys, demand for hourly child care should be assessed to ensure that limited resources are well spent. On-going child care contract studies should also be examined to ensure they deliver the maximum benefit.

Family Support Programs

Family Support Programs are another outgrowth of the changing demographics within the Defense Department. These programs provide relocation assistance, personal financial management, counseling and other services.

From the standpoint of good order and discipline, financial mismanagement by Service members is cause for concern. *The Task Force finds* that the Services should provide its members with financial management counseling at their first permanent duty station. Basic money and credit management should be covered and an optional education program should be offered for spouses.

Family Advocacy Programs would benefit from a similarly proactive approach, with the focus on preventing, identifying and treating family violence. This shift in approach toward education should help to end a common misperception that Family Advocacy programs are intended to be punitive.

Military members assigned overseas meet a variety of new and sometimes difficult circumstances not encountered in U.S. assignments, for instance, the absence abroad of a viable Woman, Infants, and Children (WIC) program. Administered by the U.S. Department of Agriculture, WIC is a health, nutrition and education program that provides low-income families with vouchers for infant formula and nutritious foods. Because USDA does not provide the WIC program overseas, 11,000 otherwise eligible families are denied a cumulative benefit valued at more than \$4.8 million. *The Task Force finds* that the Secretary of Defense and Secretary of Agriculture should take measures to ensure that eligible military families assigned overseas receive their entitlement.

The Task Force also finds three other family service programs in need of review and recommends:

- The current automated relocation information system (the Standard Installation Topic Exchange Service and Defense Information Systems Network) is often outdated and difficult to operate because of telecommunications problems. The Defense Department should select a standardized, inexpensive and user friendly communication system for all Services which is capable of dialogue and internetting.
- The Defense Department should seek exemption from civilian full-time equivalency rules for the hiring of military spouses. This would help civilian spouses find compatible work.
- The Defense Department should investigate greater use of reserve chaplains for ministry to Service members and families.

Educational Services

Opportunities for training and education are the most frequently cited reasons for military enlistment. Education and training prepare individuals to execute assigned missions effectively. To help maintain a responsive educational program, *the Task Force finds* that some modifications should be made.

There are variations between the Services with regard to the level of tuition assistance and the number of courses a student is authorized to take in a year. The Army, for example, has a limit of 12 credit hours per year per soldier, whereas the Air Force has no ceiling. Differences like these are a key disincentive for Service members. *The Task Force finds* that tuition assistance reimbursement rates should be standardized throughout the Defense Department.

Opportunities to increase the availability of Distance Learning educational programs for deployed Service members should also be exploited. Emerging technologies such as video teletraining and CD-ROM "deliver cost-effective standardized training to soldiers and units at the right place and the right time." To facilitate education in today's personnel tempo environment, the Department of Defense should endorse and expand successful Distance Learning programs.

Standardized tuition assistance reimbursement and improved Distance Learning programs will enhance Service members' educational opportunities, but the community college concept shows even greater promise.

One possible approach, a Community College of the Armed Forces, would be similar to the Community College of the Air Force. The mission of the Air Force college is to offer degrees, in part, based on credit for military training, that enhance mission readiness and provide recruiting incentives. Commanders and supervisors have found Air Force program graduates to be more promotable, productive and supportive of their units. Thus, *the Task Force recommends* that the Defense Department support associate degree programs that give credit for military training.

Military parents are deeply concerned about the quality of their children's education. The Federal Impact Aid program compensates public school districts serving military residents who are exempt from local school tax. Thus, it helps to ensure that those schools can address the unique needs of the military child. *The Task Force therefore recommends* that the Department of Defense provide the necessary advocacy to keep this program viable.

Morale, Welfare and Recreation

The variety, quality and availability of Morale, Welfare and Recreation programs within the Defense Department can enhance the physical fitness and well-being of Service members and families. Despite declining budgets, these programs should reach the largest population possible.

The two main obstacles to meeting Morale, Welfare and Recreation fitness program goals are limitations in funding for Military Construction and for Operations and Maintenance. During site visits, the Task Force saw a number of understaffed, under-equipped and inconveniently located fitness centers. *The Task Force finds* that additional funding should be allocated to upgrade fitness centers and equipment and to build additional centers. Adopting enhanced support practices and re-engineering the operation of fitness centers would maximize the productive use of manpower resources.

Youth services is another area that needs to be addressed. Together, Youth Activities, Youth Athletics and Youth Employment programs provide an array of meaningful experiences for young people making the transition to adulthood. Services have been broadened to include a focus on at-risk behaviors, social issues and prevention programs in response to a perceived increase in youth violence, gang-related behavior and other adjustment problems. Many parents expressed particular concern over the lack of employment opportunities for young people, especially during the summer.

The Task Force recommends that, in addition to adopting Enhanced Support Practices that would allow installation Commanders to offer jobs to military teens, support should be given to programs that address study-skills enhancement.

Transportation

Transportation issues compose the final category of Community and Family Service concerns addressed by the Task Force. Most frequently mentioned problems include the shipment of household goods, storage of privately owned vehicles and "space available" travel.

The current program for the shipment of household goods, costing about \$1.1 billion, has a claim rate of 23.4 percent compared to 14 percent in the private sector. *The Task Force finds* that the Defense Department should accept the findings of the Military Traffic Management Command's Personal Property Re-engineering Working Group: to abandon the current personal property shipment program and adopt a commercial standard.

Service members reassigned to locations where the shipment of privately owned vehicles is prohibited must either sell their vehicle or make storage arrangements for the duration of the assignment. To alleviate this problem, *the Task Force* supports the department's proposed Fiscal Year 1997 legislation which provides for the storage of privately owned vehicles.

Finally, *the Task Force finds* that the Defense Department should adopt the Air Force recommended expansion of Space Available travel for unaccompanied as well as accompanied family members.

Conclusions

Army, Navy, Air Force and Marine Corps—each Service branch has developed its own, unique traditions and culture. Many of the differences discussed in this *Report* arise from this uniqueness. The steps recommended to remove inequities do not impinge on the integrity of each distinctive tradition. By aligning toward the top, making every Service's best treatment the rule for members of every other branch, the individual traditions and cultures remain sources of great strength to the U.S. Armed Forces.

CHAPTER 2 HOUSING

There are few human needs in life more basic or important than a decent place to live. Housing is certainly on our people's minds. Every time I visit an installation and sit down with enlisted folks to hear their concerns, they bring up housing. We have a special duty to ensure quality housing.

—SECRETARY OF DEFENSE WILLIAM J. PERRY
Installation Commanders' Conference, January 23, 1995

INTRODUCTION

Despite the resources expended on military housing, much of it still fails Defense Department suitability standards, *the Task Force on Quality of Life finds*.

This finding is not new, the Task Force acknowledges. It has been repeatedly documented by numerous surveys and studies and was confirmed during town meetings and discussions during the Task Force's travels (see Appendix 2). However, *the Task Force finds* that the delivery system is so intrinsically flawed that it recommends its replacement with an entirely new system, run by a *Military Housing Authority*, using private housing industry management principles and practices. Like any other company, the proposed *Authority* would be empowered to raise operating and investment money from private sources.

To accomplish this drastic change, *the Task Force recommends* that the Department of Defense use all legislative, regulatory and administrative means at its disposal. Laws and procedures should be amended, or new means sought, wherever needed. Alternative views are presented in Annex 2-A to this chapter.

While many housing issues emerged from base visits, briefings, etc., four major problems undermine the current housing delivery system:

- Funding is not sufficient to produce, maintain and operate quality housing adequately, as it is subject to cyclical changes caused by political decision making, tight budgets and shifting priorities.
- Current financial rules virtually preclude any innovative, creative methods to encourage or promote private sector resource opportunities. While privatization and private sector resource management innovations are actively encouraged by Congress and Administration leadership, the existing financial policy and procedures preclude these creative methods. Current "scorekeeping" rules discourage the use of private capital sources which would otherwise be available. (See Annex 2-B for a discussion of scoring).
- Housing policy is unclear, incomplete and lacks the vision and strategy to effect change. Further, it promotes inequity between married and single personnel, between residents of quality versus poor military housing and between residents of military housing and Service members living on the economy.

- Many federal laws and regulations restrict the Defense Department's ability to use the resources and practices of private industry to best advantage.

These problems were manifested by issues identified to the Task Force during its tenure. Exhibit 2-1 summarizes these issues.

EXHIBIT 2-1 HOUSING ISSUES IDENTIFIED TO THE TASK FORCE

Issue	Family housing	Bachelor housing	Addressed in Stage
Major^a			
Military Housing availability	X	X	1, 2, 3
Poor quality/condition of housing	X	X	1, 2, 3
Civilian housing availability at DoD suitability standards	X	X	1, 2, 3
Inadequate housing allowances	X	X	1, 2, 3
Housing policy	X	X	2, 3
Related^b			
Deteriorated base infrastructure	X	X	2
Overseas availability/condition issues	X	X	2
Housing referral services	X	X	2, 3
Local housing management	X	X	2, 3
Security/safety in housing areas	X	X	2, 3
Inadequate amenities	n.a.	X	1, 2, 3
Other^c			
Access to community support	X	X	2
Rule/regulation simplification	X	X	2
Housing for recruiters	X	X	2, 3

n.a. = not applicable.

a. *Major issues* were cited as important at all levels (Department, Services, commanders, members, and spouses).

b. *Related issues* were important to installation commanders, and especially members and spouses.

c. *Other issues* were cited by some Services, commanders, members, or spouses.

To address these issues *the Task Force recommends* the following vision be adopted by the Department of Defense:

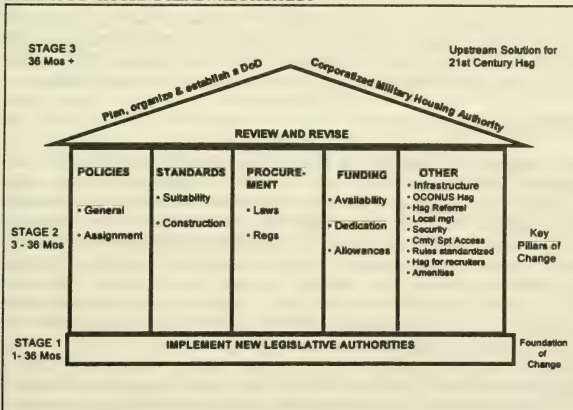
In recognition of the unique circumstances associated with military life, the Department of Defense will provide quality housing to all members of the Armed Forces, families and eligible civilians, or facilitate access to affordable housing consistent with community standards.

The Task Force further recommends that the Defense Department adopt four essential housing goals to achieve this vision:

- **Goal 1.** Assure members of the Armed Services and eligible civilians access to affordable, quality housing to promote: *high morale and readiness* for combat and other military contingencies; *military objectives* (e.g., personal responsibility, initiative, teamwork, cooperation, socialization, community support); *retention*, career service, commitment and *recruitment*.
- **Goal 2.** Support near-term efforts, such as new legislative authorities being considered by Congress, to expand housing resources and widen their impact.
- **Goal 3.** Address other key near-term issues that impair effective housing delivery or cause members and families concern such as: policies, standards, procurement laws and regulations, funding and other related concerns.
- **Goal 4.** Identify an effective structure for an alternative Defense Department system to deliver and maintain quality housing at affordable, commercially comparable costs.

To fulfill these goals, the Task Force recommends a three stage strategy be developed, implemented over three years. (See summary in Exhibit 2-2.)

EXHIBIT 2-2 HOUSING RENEWAL STRATEGY



Stage 1 lays the foundation of all succeeding changes. It consists of the private venture capital initiatives awaiting congressional approval at this writing. These initiatives will enable access to private capital at reduced risk to the private investor and provide the department with an array of

tools for constructing new and revitalizing existing housing. Their provisions would enable new Government guarantees, commitments and investment opportunities. Realizing progressive benefit from these authorities will take up to three years.

In Stage 2, covering the same period, the Task Force advocates major changes be introduced to address policy, standards, procurement laws, funding and other concerns. These two levels of change will improve housing delivery.

To resolve 21st century housing problems, however, the Task Force believes a Stage 3 is necessary and achievable, involving the creation of a new housing delivery system, i.e., a corporatized *Military Housing Authority* under Defense Department control.

Background

Housing can and should play a pivotal role in mitigating some of the extraordinary stresses of military life, *the Task Force finds*. Most civilians begin and end the day at home, the same place, year after year. Armed Service members and their families live every day with the possibility of frequent relocation, abrupt departures, lengthy deployments—and always possible death in the line of duty in peace or war. Military personnel therefore consider good housing an essential linchpin in their daily lives, basic to their quality of life and to that of their families.

Unsuitable housing unnecessarily distracts Service members from jobs that demand full attention to maintain constant *readiness* to defend the United States any time, any place. Thus, *the Task Force finds* that the Department of Defense has practical as well as equity reasons for providing all Service members with *suitable housing* (well-repaired, meeting statutory size standards, complying with technical codes and equipped with commercially comparable amenities). Comfortable housing improves morale and encourages qualified individuals and their families to make careers of military service, thus promoting *retention* and readiness, now and in the future.

The Military Housing Environment

The Defense Department has historically provided military personnel with housing in-kind or housing allowances, but only one Service (the Air Force) has consistently devoted enough resources to deliver quality housing. (Annex 2-C provides a historical context for today's environment). Unreliable funding and deteriorating housing stock contribute to Service members' dissatisfaction with their dwellings. But so, too, do the tastes and values of these young volunteers. As the funding pool has dwindled, because of rising costs, competing demands and shrinking budgets, the material expectations of the young, All Volunteer Force have risen, reflecting the media-shaped values and tastes of their civilian peers. The new emphasis on joint military operations, expanding inter-Service contacts as never before, has also given military personnel new opportunities to compare their living conditions across Service lines.

The Armed Forces today consist primarily of married members with families (61 percent compared to 42 percent in 1955). The military family mirrors society in many ways (65 percent of them live in civilian housing), but there are some distinct differences. Military families tend to be larger than the national average, most military families move far more often (10-14 times in a thirty-year career, depending on their Service) than their civilian counterparts and while a majority

of military spouses also must work to provide financial security, they like military members must be willing to change jobs every few years.

Most single and unaccompanied members (82 percent) live in government-owned, on-base housing (*barracks*) which, together with off-base accommodations, makes up *bachelor housing*. *The Task Force* notes widespread discrepancies between family and bachelor housing.

The Task Force analyzes family and bachelor housing separately but in no way does this imply that one is more important than the other. This *Report* makes recommendations for each type of housing in the context of the three-stage strategy, culminating in the establishment of an entirely new, corporatized housing management and delivery organization, the *Military Housing Authority*.

Family Housing

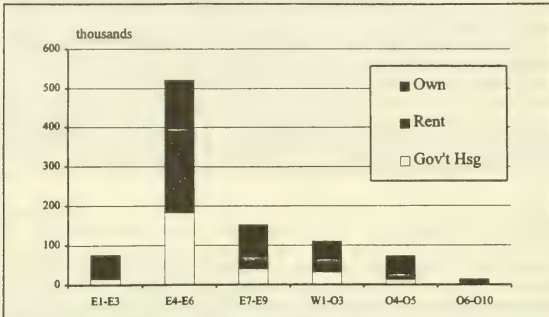
Demand for Military Family Housing remains high and often goes unmet, despite the Defense Department's focus on the private sector and surveys that indicate members might like to live off-base under ideal conditions. Practical considerations shape an overall preference among Service families for on-base housing. These considerations include: the lag between housing allowance adjustments and increases in the cost of community housing, the support services available on base, the scarcity of suitable housing in some communities and concerns about off-base safety. Some military members also prefer to live in military communities among people committed to military service as a way of life and sharing similar values.

Congressional and Service interest in Military Family Housing has experienced peaks and valleys. After gradual increases during the country's first 150 years, the major construction programs of 1950s and 1960s brought large numbers of modern (for the period) homes into the Services. Funding for maintenance, repair and replacement failed to keep up with the growth, however, turning many of these homes into poorly maintained, low-quality housing by the mid-1980s. These homes also lack the size and amenities, such as family rooms, commonly found in civilian communities. Many of the efforts to resuscitate the housing stock in the 1990s have failed because of tough fiscal competition and restrictive rules that hinder privatization.

The number of married junior enlisted personnel has risen markedly, however, straining an already taxed housing delivery system. The advent of the All Volunteer Force also changed the motivations for a career in the military, which affect family member expectations. Changes in the military family must be considered when deciding how family housing should be delivered in the future.

Family Housing Stock

The Defense Department owns or leases, on- and off-base, about 387,000 units of Military Family Housing. Its average age is 33 years, but inadequate and inconsistent funding have resulted in poor maintenance and repair, and has deferred revitalization and replacement of unsuitable homes. In addition, many civilian communities have been unable or unwilling to meet increasing military family housing needs caused by military force relocation and changing military family demographics. These factors have resulted in a large number of unsuitable military units. Correcting these deficiencies of supply and condition is estimated to cost more than \$20 billion.

EXHIBIT 2-3 HOUSING PATTERNS OF MILITARY FAMILIES

Source: Congressional Budget Office, *Military Family Housing in the United States*, September 1993.

Where Military Families Live

Different Services and locations within each Service adhere more or less closely to the Defense Department's policy of housing its families mainly in the local community. The proportion of military families living in the private sector ranges from a high of 74 percent in the Navy to a low of 57 percent in the Army. This results from both Service philosophy and from the local availability of suitable community housing.

Who lives in Military Family Housing also varies. Grades E4-E6 occupy about 64 percent of the units but comprise 55 percent of military families. Conversely, almost 70 percent of married junior enlisted (E1-E3) rent their housing in the community. (See Exhibit 2-3 for a full breakdown.)

Condition of Family Housing

The condition of Military Family Housing ranges from modern and well-maintained, to small, run-down and lacking in basic amenities. Often, the full range can be found on the same installation or in the same region, creating a visible disparity in the quality of the housing benefit provided, depending on housing assignment.

The Air Force has generally provided the best housing, setting the standard for the Defense Department. The Navy and Marine Corps have acknowledged erratic investment practices in the past and have initiated broad programs to renovate and replace unsuitable housing. The condition of family housing reflects the priority a Service gives to quality of life in relation to other competing mission and readiness requirements.

Maintenance, Repair, and Revitalization Backlogs

The large maintenance, repair and revitalization backlogs are one indicator of housing conditions. Backlogs measure the deferred work, and the cost, to raise dwellings up to suitable conditions and current standards of comfort. In the absence of any common, Defense-wide metric, each Service calculates its backlog differently. These disparities preclude exact comparisons across Services and hinder development of reliable cost estimates for catching up with repairs.

Encouragement of Home Ownership

Often, the alternative of home ownership by Service members is overlooked when discussing ways of satisfying military housing demand. Local purchase is a decision left entirely to individuals according to their income, stability of assignment, local market characteristics and other variables that are considered outside the Defense Department's purview.

The Task Force finds that home ownership is fully consistent with departmental policy to look to the private sector as the primary source of housing and that home ownership is still a goal of most American families. Further, *the Task Force finds* that the Defense Department should actively seek to eliminate hurdles to home ownership.

Effective programs to encourage home ownership can help to reduce demand for other sources of housing and may also help to stabilize the work force. For example, a partial loan forgiveness program run by the Federal National Mortgage Association has reduced employee turbulence and thus Association costs.

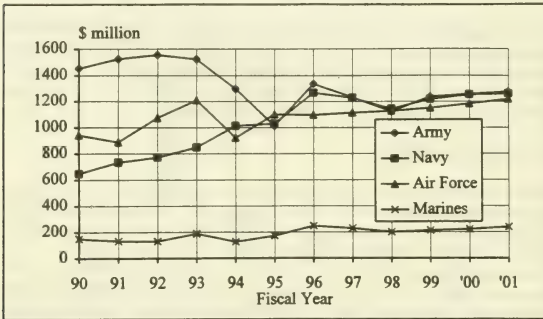
The Navy in Norfolk, Virginia, has devised an innovative program to help lower paid, young Navy families qualify for mortgages. The program can be targeted toward retention of sailors (who are expensive to train but who were leaving the Service after one enlistment) or it could be open to all Service members. In either case, a number of options and processes can be put to work to make it a successful program.

The Task Force recommends that the Defense Department strongly encourage, evaluate and implement imaginative programs to encourage home ownership by Service members.

Funding

Military Family Housing is a separate, *fenced* (untransferable) account, covering all facets of the program, including operations, maintenance and construction. The amount of this funding often fluctuates by fiscal year and by Service as a result of inconsistent overall military spending and shifting Service, departmental and congressional priorities (Exhibit 2-4). Though useful for determining trends within a Service, the family housing appropriation cannot be used for comparisons among Services because their accounting techniques, execution methods and use of military manpower are different.

EXHIBIT 2-4 MILITARY FAMILY HOUSING FUNDING



Sources: Military Construction and Family Housing Appropriations Subcommittee Conference Reports and Services' Program Review 1997 Submission.

MAJOR ISSUES

During its investigation, *the Task Force* discerned an array of major and related issues affecting the quality, quantity, availability and affordability of housing. The major issues concern:

- Broad policy for family housing
- Policies governing assignment of family housing
- Inequities stemming from housing policy
- Criteria for acceptable community housing
- Federal procurement and military construction laws
- Federal and Defense Department Regulations and construction standards
- Unreliable funding of military housing
- Structure of housing allowances

The recommended solutions in each area can be addressed within the next three fiscal years in Stage 2 of the proposed Housing Renewal Program.

ISSUE 1: BROAD POLICY FOR FAMILY HOUSING

Current Defense Department housing guidance stipulates:

Excellent housing facilities and services shall be provided for all military members, their families and eligible civilians. Continual improvement in quality is a measure of excellence, and customers of housing services shall participate in that evaluation. . . . Service members shall be liable for damage to any Department of Defense housing unit, or damage to or loss of any equipment or furnishings, assigned to or provided such member if it is determined that the damage or loss was caused by the abuse or negligence of the member. . . .—DoD HOUSING MANAGEMENT MANUAL, September 1993

DISCUSSION: *The Task Force finds this guidance for department family housing policy—now and for the future—unrealistic, undeliverable and quality-unspecific. It also fails to delineate or promote a sense of "ownership" or responsibility for personal involvement within the community.*

Military Family Housing appropriations have averaged \$4.5 billion over the last five years but "excellent" housing is not universally provided. Although most installations do have some fine housing, 65 percent of military families reside on the economy, receiving no housing facilities and at best, little housing referral services. Of the Military Family Housing units that are available many are:

- Under-maintained, both with regard to recurring maintenance and major revitalization
- Poorly managed by nonprofessionals who are not oriented toward customer service
- Over-regulated at the local level
- Too small by current community standards
- Too densely built, precluding privacy and engendering resident stress

RECOMMENDATION 1: *Revise broad family housing guidance to clarify rationale and responsibilities and to specify a standard for high quality. A new guidance, for example, might read:*

The Department of Defense, in recognition of the unique circumstances attendant upon military life, will provide, enable or otherwise facilitate access to affordable, quality housing, consistent with grade and dependency status, as well as community standards and/or mission requirements, for every active duty Service member and eligible civilian.

The department's responsibility is discharged through a corporatized philosophy which combines appropriate pay and allowances, procurement and maintenance of on/off base Service owned/leased housing and referral to private sector housing. Service member, family and eligible civilian responsibility lies in the contribution or forfeiture of housing allowances and differential as required, the proper resident care of property, and community support and participation expected of all citizens.

ISSUE 2: POLICIES GOVERNING ASSIGNMENT OF FAMILY HOUSING

Junior personnel (grades E1-E3) constitute the resource pool for tomorrow's career force. To retain them, the Defense Department must address issues that create housing dilemmas for them.

DISCUSSION: Overall, housing allowances are about 22 percent below costs in the civilian community. *The Task Force finds* that some of the most junior service people experience exceptional hardships because of their inadequate housing allowances and limited access to military housing. Grades E1-E3 make up 29 percent of the enlisted force (ranging from a high of 49 percent in the Marines to a low of 22 percent in the Air Force). Of the 25 percent of families in grades E1-E3 with dependents, 19 percent live in military housing, and about 12 percent are unsuitably housed in the civilian community, because of cost, size, condition or location.

The department has four priorities for assignment to Military Family Housing:

- *Priority 1.* key and essential personnel, including command positions
- *Priority 2.* personnel assigned to or attached for duty at the installation
- *Priority 3.* personnel not assigned to or attached for duty at the installation
- *Priority 4.* unaccompanied dependents of Service members.

Installation commanders are responsible for establishing assignment priorities and have the authority to deviate from stated guidelines to address exceptional cases of hardship. Long-standing tradition rewards career service and often results in higher priority access for senior personnel. At most installations, by construction standard, only so many units are available for each senior group (e.g., E1-E6, E7-E9, O1-O3, and so forth). As a result, the less numerous senior personnel often wait the shortest time for housing, while the more numerous members in the lowest grades may wait much longer, up to two years in some locations.

Promotion to E4 takes an average of three to four years, depending on Service. In the interim, married junior enlisted members must balance the pressures of low pay and allowances with growing family and financial responsibilities. To ensure high morale and retention, these young families must be provided access to adequate and affordable housing.

RECOMMENDATION 2: Add to current family housing policy language that encourages commanders to give special attention to the special housing dilemma of young Service families. For example,

The Services will encourage local commanders to exercise concern for the access of members in pay grades E1-E3, who are family housing eligible, to suitable housing in the private sector or to military housing. (This policy should not be interpreted as requiring *forced* (involuntary and not desired) moves from or into housing during an ongoing tour.)

ISSUE 3: INEQUITIES STEMMING FROM HOUSING POLICIES

Current housing policies and practices create perceptions of inequity and unfairness. No accommodation is made between the condition of assigned military housing and the amount of

housing allowance deducted. This lack of correlation has fed the perception of inequitable treatment between members assigned to modern, up-to-date units and those assigned to less desirable units.

DISCUSSION: The Defense Department provides detailed site and housing delivery system standards but no guidance for suitability (e.g., size, condition). Congress, in the 1970s, designated a number of housing units "substandard." This designation allowed commanders to lower the allowance "rent" by up to 25 percent for residents of these substandard units. Only about 4,300 of these units still exist today—with no similar program for the rest of the inventory. Residents of military housing that would be considered unsuitable, if located in the local community, thus question the fairness of deducting the same amount of housing allowances from them as from residents of modern, attractive homes.

An argument can be made for a partial rebate of housing allowances to some residents of military housing, depending on the condition of their military housing.

RECOMMENDATION 3: To reduce inequities in housing assignments, the Services should:

- **Develop and apply housing suitability criteria and continually revise their lists of suitable and unsuitable housing.**
- **Rebate a flat percentage of quarters allowances to those assigned to military housing designated as "unsuitable."**

ISSUE 4: COMMUNITY HOUSING ACCEPTABILITY CRITERIA

Are the Defense Department's five "acceptability" criteria for private sector housing (location, cost, size, condition, and ownership) compatible with the proposed goal of affordable, quality housing consistent with community standards?

DISCUSSION: Departmental acceptability criteria for community housing have evolved over time. They are intended to guide: members in selecting a residence; communities in building homes for military personnel and the Services in determining their housing deficit. *Unacceptable* housing fails to satisfy all five criteria and does not count as an asset to meet the military need. Factors affecting the interpretation of these criteria include:

- Annual surveys in which military personnel housed on the economy rate their own quarters. These survey results are subjective and distorting. An "acceptable" rating by a resident overrides application of the other criteria.
- Determination of acceptable location and condition by installation commanders. This practice puts commanders in the difficult position of weighing family safety and security against possible ill-will in the local community over an "unacceptable" rating.

- Inequity created by the location criteria for Service members living in rural areas. For them, being within a one-hour commute can mean a round trip of more than a hundred miles a day.
- Costs extending beyond the congressionally intended out-of-pocket outlay. The cost criterion requires that, to be "unacceptable," expenses exceed the sum of 150 percent of the member's Basic Allowance for Quarters and Variable Housing Allowance. This amount can greatly exceed congressional intent that members absorb 15 percent of their housing costs from other compensation.
- Size standards that need to be kept up-to-date with current community norms and flexibly applied.
- Condition criteria that lack qualitative indicators of age and utility. They also omit any requirement for adequate dining space and garages in extremely cold regions.
- The assumption that every home purchased by a member is acceptable. This assumption does not consider some of the family budget decisions confronting junior members who may be able to afford only a decrepit mobile home or a run-down house in a high-crime area.

RECOMMENDATION 4: Update and clarify acceptability criteria for private sector housing for military families. Specifically:

- Provide local commanders with specific guidelines to identify and specify "unacceptable locations based on security and safety."
- Add to the one-hour commute an alternative criteria of one-way distance.
- Ensure that members paying more than 15 percent out-of-pocket for housing expenses be considered unacceptably housed.
- Review minimum square footage requirements and base them on local and state building codes.
- Include in condition criteria a requirement for dining space, separate or as part of living room or kitchen, and for garage space in severe climates.
- Apply to member-owned homes the same suitability criteria applied to leased homes.

ISSUE 5: FEDERAL PROCUREMENT AND MILITARY CONSTRUCTION LAWS, FEDERAL AND DEFENSE REGULATIONS, AND CONSTRUCTION STANDARDS

Defense officials, local developers, and financial leaders estimate that federal procurement and military construction laws, regulations and standards swell the cost of delivering military housing and maintenance up to 30 percent, depending on locale. Complicated, costly, time-consuming and frustrating, these rules also dampen private interest in military housing.

DISCUSSION: The United States has the world's most highly developed and efficient housing industry and market. *The Task Force finds* that artificial constraints placed on the military housing delivery system prevent the Defense Department from taking full advantage of U.S. market efficiencies, run up costs and seem to serve no rational purpose.

The difference in delivery costs between private sector and military housing has many causes. Some are beneficial, assuring high grades of materials and appliances for long durability. Others insist on compliance with associated project infrastructure requirements and certain management practices and are of dubious value.

Certain Federal laws, and Federal and Defense acquisition regulations, are key drivers of the high cost of military housing construction, maintenance and repair. Many of these laws conflict with community construction standards and codes, and waste both time and money. Illustrative are certain provisions of the U.S. Code, Title 10, chapter 169, but more than 60 laws fall into this category. Relief from counter-productive laws and regulations would increase military buying-power by nearly a third, thus stretching the value of appropriated funding and private capital for construction, maintenance and repair.

The Task Force finds that a review of the applicable laws, regulations and standards is overdue. The federal government must promote resolution of the acknowledged military housing dilemma without adding significantly to national indebtedness. Exempting military housing acquisition and construction from the plethora of outmoded and costly laws, rules and practices would advance this goal.

RECOMMENDATION 5: Identify the federal laws and regulations—prioritized in relation to cost-impact or other criteria—which drive up the cost of housing delivery and/or dissuade private industry participation; and seek exemption from the most onerous.

- Draft and pursue congressional changes to existing Title 10 Military Construction legislation and modify Defense Department regulations that significantly impede or preclude Family Housing availability, quality and cost problem resolution. Focus on performance-based, community-relevant standards and greater flexibility in meeting quality.
- Present a persuasive case to Congress, the administration, the media and public to gain support for the foregoing changes.

ISSUE 6: INEFFECTIVE FUNDING OF MILITARY FAMILY HOUSING

There is growing need to identify reasonable alternatives to the current method of funding Military Family Housing.

DISCUSSION: For reasons explained early in this chapter, the Defense Department considers 64 percent of its Military Family Housing inventory unsuitable. Despite a five-year trend toward more frequent and varied employment of U.S. military forces, prospects are dim for reversing the decline in the departmental budget. Quality-of-life funding, especially military housing accounts, have to compete with the legitimate demands of research and development, modernization, operations and training.

As a result of uneven funding, routine maintenance has often been deferred, contributing to a faster deterioration of housing stock than might have occurred with a moderate but steady flow of dollars. Major maintenance, repair, revitalization, and replacement problems persist, despite some efforts by the Services to increase funding for them.

Restructuring the housing delivery system by creating a *Military Housing Authority* that uses the housing allowance structure as its funding stream will eliminate peaks and valleys in funding.

RECOMMENDATION 6: Maximize the use of private industry resources (requested new legislative authorities) and delivery systems to first satisfy the need for affordable, community-comparable, quality housing in the civilian community, and then to maintain, operate and revitalize military owned/leased housing.

- Accord top appropriated fund priority to maintaining/revitalizing or replacing existing inventory. Second to support funding of new legislative authorities and third, to construct new homes only when the external community is unable or unwilling to otherwise meet current and projected military needs.
- Restructure the military housing delivery system into a nonprofit government corporation—centrally managed, Defense-wide. This *Military Housing Authority* concept is detailed later in this chapter.
- Request Basic Allowance for Quarters for all personnel and roll these moneys directly into family housing account to be used as a source of funds to expedite removal of maintenance backlog.

ISSUE 7: HOUSING ALLOWANCES

The Task Force finds that, although a review of military compensation was not included in its charter, it must address housing allowances because they so heavily influence housing delivery.

DISCUSSION: Part of the perceived inequity between residents of military housing and personnel living on the economy stems from the shortfall between the cost of community housing and housing allowances. A lack of military housing—not choice—forces some Service members

to live on the economy. The Variable Housing Allowance system was originally designed to limit members' out-of-pocket housing costs to 15 percent of their base pay, but this percentage currently exceeds 20 percent. In many localities civilian housing costs so much more that, even late in their tours, members still want military housing if it becomes available.

Both the *Joint Services Housing Allowance Study* (November 1991) and *The Seventh Quadrennial Review of Military Compensation* (August 1992) found clear evidence that junior enlisted families had no guarantee of being able to rent adequate dwellings, because the current method of setting Variable Housing Allowance rates incorporates no physical standards for adequate housing. Some mechanism is needed to ensure that junior enlisted families—who are most in jeopardy of living in housing cost-induced poverty—live in suitable accommodations. The Defense Department (under the auspices of unified legislation and budgeting) considered proposing legislation to adopt a housing allowance locality floor for junior enlisted in Fiscal Year 1997. Indications are, however, that this will be deferred to fiscal year 1998, because of its high cost (about \$200 million a year).

The Task Force finds that an increase in housing allowances, especially for enlisted personnel and junior officers, is desirable and that a fairer, more realistic system for computing and paying them is needed. Annual Basic Allowance for Quarters adjustment should be based on the housing cost index of the consumer price index or some other nonmilitary data system that establishes average cost by area. This would reduce members' growing out-of-pocket expense burden.

Variable Housing Allowance presents another problem. Although a member's housing costs are fixed by a lease or mortgage payment, the Variable Housing Allowance may decrease substantially. Reductions are based on results of annual Variable Housing Allowance surveys of questionable validity, and may or may not reflect a real change in the cost of living. Legislation to rectify this situation is being considered by the 104th Congress.

RECOMMENDATION 7: Identify means of redressing the growing inequity between military residents of private sector and military housing. Recommended actions are:

- **Base housing allowances on an external data source, such as the housing cost index of the consumer price index, and ensure that Variable Housing Allowance reflect actual local market conditions. Stop adjusting housing allowances at the same time and rate as base pay.**
- **Set housing allowance floors to ensure that junior members can afford suitable housing.**
- **Continue to advocate Variable Housing Allowance rate protection, if the Congress does not enact it, so that members' housing allowances do not go down during a tour of duty in the same place.**

RELATED ISSUES

Task Force members find military leader, member and family dissatisfaction with a number of other family housing-related conditions. Nine ancillary recommendations are made to deal with their concerns spanning: activity infrastructure, overseas housing, housing referral systems; local

military housing management; security and safety; outreach of family support and recreation programs; special housing needs of recruiters and other independent duty personnel; the high costs of maintaining historic quarters and alternatives to traditional construction methods. If these issues seem tangential to family housing, they do individually and collectively affect members' decisions about family housing or housing-associated costs.

RELATED ISSUE 1: ACTIVITY INFRASTRUCTURE INADEQUACIES

Most bases visited by the Task Force are 50 years old, some are older, and their water, sewage, roads and other infrastructure are crumbling.

DISCUSSION: Less visible infrastructure for a military mission often receives less attention than prominent items. As a result, the condition of today's infrastructure deeply concerns commanders who must live with these uneconomical and badly maintained systems. At some installations every day, Military Family Housing residents put up with brown, sediment tap water, dangerously cracked and crumbling sidewalks and other results of neglect. Such dilapidated systems not only inconvenience residents but may well discourage private investors from engaging in partnered solutions to housing problems, if foundational systems are so neglected.

The Defense Department has no monopoly on rundown infrastructure: it is a national problem. Through a major effort to repair its own infrastructure, the department would not only assist its war fighting capabilities and its people but also set an example for the entire country. In the chore of repairing its own infrastructure, *the Task Force finds* an opportunity to use sound commercial practices and to test partnered funding.

ANCILLARY RECOMMENDATION 1: Urgently—using a single, standardized assessment—identify the status of infrastructure on all military installations that will remain open at the end of the base realignment and closure process.

- **Plan and fund a revitalization and replacement program to correct the identified deficiencies within 15 years.**
- **Involve private funding and benefits as much as possible without impairing the military mission.**

RELATED ISSUE 2: OVERSEAS HOUSING

For military personnel assigned overseas, all the problems of finding suitable housing increase exponentially. Opportunities for travel and the benefits of exposure to foreign cultures often do not compensate these people for the frustrations of locating and negotiating for housing and its upkeep or becoming accustomed to extreme housing density, traffic congestion, and other inconveniences of life in an unfamiliar environment.

DISCUSSION: U.S. government reluctance to commit military construction funds for overseas locations, and legislative insistence that any construction be done with U.S.-made

materials by American contractors, have relegated many U.S. Service personnel and their families to marginal living conditions.

Status of forces agreements are often laden with impediments to easy resolution of these problems. Moreover, federal operation, maintenance and repair allocations are often inadequate in host countries (e.g., Italy and Korea) that do build housing for American Service members.

ANCILLARY RECOMMENDATION 2: Seek to eliminate (or obtain at least a 10-year waiver from) "buy and construct American" requirements for U.S. military housing overseas, in deference to current trends toward freer international commerce.

- Aggressively seek increased congressional support for appropriated military construction and Operation and Maintenance funding at overseas locations as part of the military housing renewal program.
- Enlist the support of the Department of State and the Commerce Department to encourage foreign construction of quality housing for use by the U.S. military.

RELATED ISSUE 3: FACILITATED HOUSING REFERRAL

As the percentage of military families who live in the local community continues to increase, an effective means of finding adequate local housing becomes more important. This is why the Defense Department should significantly improve its housing referral services.

DISCUSSION: Two factors in the current family housing situation are underplayed:

- Prospective military renters often do not find affordable, suitable rental units that are available in a community.
- Some elect to buy a privately owned residence.

These realities demonstrate the need for improved housing referral services to help personnel find housing before or after their arrival at a new assignment location. They also demonstrate the need to foster and facilitate Service member (officer and enlisted) interest in home purchase, as competition for housing intensifies around the bases still open upon completion of the force redistribution and the base realignment and closure program. Special attention must be given to the needs of low-income, junior enlisted members who have the most trouble finding suitable housing.

Few of the military's many attempts to provide housing referral services, using civilian community volunteers or real estate agents, have met the need over time. But *the Task Force did encounter* one extraordinarily successful effort that could serve as a model referral service for renters and prospective buyers, the Navy's Hampton Roads Welcome Center.

Operating since 1991, the center captures a large and growing proportion of all newly assigned Service personnel. With a highly professional, well-trained staff of about 40 customer service-oriented individuals, the center provides such services as: computerized access to information on housing, shopping, churches, schools, crime and multiple listings; television-monitored baby-sitting

care for families who use the center; counseling and classes (e.g., on purchasing a home and renters' responsibilities); and a showing service.

Ninety percent of naval personnel in the Hampton Roads area reside in civilian housing. Their satisfaction at having found "the right," affordable house can be attributed not only to the community but, importantly, also to the center.

Judging from this center's success, the way it is organized and operated should be emulated regionally for use by all Services in that region. These centers would cover U.S. and overseas geographic areas of military concentration. They would provide all military members and their spouses with accurate, current information about housing and referral, with showing services. They should focus on meeting every customer's needs, whether accompanied or unaccompanied, senior or junior, but should give special attention to the special needs of junior enlisted personnel.

Essential ingredients of a successful housing referral center are: a full-time, professional staff; a wide range of current, customer-relevant information; access to numerous services from education to counseling to showing; facilitated support such as a convenient location, on-site baby-sitting, nearby food access; and a primary, pervasive commitment to customer service.

ANCILLARY RECOMMENDATION 3: Create regional housing referral centers, modeled on the successful Hampton Roads Welcome Center. Responsibilities could be privatized but within the framework of the housing delivery system.

RELATED ISSUE 4: FAMILY HOUSING MANAGEMENT

The Task Force noted a perception of inadequate local housing management at many, but not all, installations visited. This perception manifested itself in various ways. Some personnel alleged slow turnover of housing between occupants; some indicated check-out standards and rules were too rigorous, others not sufficiently rigorous; some reported untrained employees, over-focused on rules and under-focused on customer service.

DISCUSSION: At some installations, housing management received high marks. At others, however, people complained about rude management employee attitudes toward mid- and junior-grade enlisted personnel and especially toward their spouses. Also widespread were accusations of management failure to assure the quality of maintenance contractors' performances and residents' compliance with Military Family Housing regulations. Common complaints involved: management staffs too small to do the job; too many overly complex rules that bog down management; insufficient management staff training; and lack of management focus on customer satisfaction and services.

Remedies must address the underlying problems. Through selection, training, motivation and reward systems, the Defense Department must professionalize management and secure its commitment to customer service, responsiveness and productivity. By routine use of customer feedback, senior leaders could speed the identification and addressal of problems.

ANCILLARY RECOMMENDATION 4: Require the Services to develop joint training and incentive programs, using private industry expertise and models, and to professionalize military housing management and focus it on customer service. Test the success of this

initiative by requiring formal means of assessing customer satisfaction with housing management activities and use these test results to bring about systemic improvements.

RELATED ISSUE 5: SECURITY WITHIN HOUSING AREAS

Task Force meetings with Service members, their spouses, housing managers and command leadership revealed a growing apprehension over security and safety in and around family housing areas. This situation occurred at most military housing areas, both on- and off-base.

DISCUSSION: Upon examination, security concerns ranged from vandalism of government and private property (e.g., signs destroyed, graffiti, vehicles defaced) to harassment of youngsters by older children, excessive noise, street fights and other disturbances. Most perpetrators are undisciplined and unsupervised youth—sometimes military dependents, their visitors and friends, and occasionally their gang opponents from local schools. Their actions cause personal injuries and costly repairs, endanger community bonding and set poor examples for young children. Residents' concern is heightened by: the reluctance of civilian police to answer frequent calls to handle what they consider minor infractions of the peace; the reluctance or slowness of local management to enforce fully and promptly the rules for good order; a perceived escalation of these kinds of incidents in general and gang disturbances in particular and the absence of military police jurisdiction because of *posse comitatus* legislation.

The military has no legal jurisdiction over military dependents for civil violations and must take all legal action through local or state court processes, a painful and cumbersome procedure except for the most flagrant and serious violations. Potentially helpful civilian concepts, such as neighborhood watches, have not yet caught on in Military Family Housing. Further, mid- and senior-grade military member involvement as well as individual family supervision of teens appear to be lacking or insufficient. There seems to be no single solution to this essentially local problem.

Since safety and security cause so much concern, particularly among spouses whose military members are deployed for long periods, commanders need to direct their leadership attention to long and short term solutions. Solutions should engage residents, base leadership and local community police in addressing this serious problem.

ANCILLARY RECOMMENDATION 5: Direct Service attention to planning and implementing effective local means of addressing the housing area security issue locally. In the process, elicit and share examples of successful base efforts during installation commanders' conferences.

RELATED ISSUE 6: COMMUNITY SUPPORT

The distribution of military families throughout a civilian community and the location of some Military Family Housing areas at a distance from base facilities raise the problem of families with one car or spouses who cannot drive. Frequent long deployments by military members, increasing the need for community support, compound this problem.

DISCUSSION: As increasing numbers of military families are housed satisfactorily on the economy and in off-base military -leased or -owned properties, concerted outreach or facilitated access to services on base should be provided. Without them, these families could become isolated and military community bonding could break down. During long deployments of members, many spouses who reside off-base have difficulties accessing on-base medical services, family support services (e.g., parental or marriage counseling, financial education and counseling, family advocacy services, pre and post deployment services) and even recreational services. Lack of public transportation and constrained family income exacerbate this situation, especially for junior personnel.

ANCILLARY RECOMMENDATION 6: Direct the Services to identify and share ideas on ways of supporting and facilitating continual military community outreach toward military members dispersed throughout civilian communities.

RELATED ISSUE 7: HOUSING FOR RECRUITERS AND OTHER INDEPENDENT DUTY PERSONNEL

Certain independent duty personnel (e.g., recruiters, ROTC instructors and staff) are frequently assigned in areas well beyond reasonable travel to military installations. Circumstances thus force them to live independently on the local economy.

DISCUSSION: Assignment policies for independent duty personnel vary from Service to Service. Some Services consider them Priority 2 (assigned to or attached for duty at the installation or assigned to other installations served by the housing complex). Other Services consider them Priority 3 (not assigned or attached to the installation), particularly if the individual belongs to a different branch of Service. Priority 3 status usually rules out Military Family Housing and puts these personnel at a distinct disadvantage, compared to personnel assigned to the base. Yet their duties often leave them little or no time to deal with housing matters in an unknown community.

When no military installation is nearby, independent duty personnel must fend for themselves. Lacking military housing referral services, they must rely on work associates and real estate agents for housing assistance. The absence of housing support services adds to the often exceptional stress of this type of duty.

ANCILLARY RECOMMENDATION 7: Ensure access for every active duty Service member—including independent duty personnel—to affordable, quality housing by making all Services classify those assignments as Priority 2. If no military housing is available, the Services should see that they have affordable, convenient housing and maintenance alternatives (e.g., leased housing and contracted maintenance arrangements).

RELATED ISSUE 8: HISTORIC QUARTERS

The Defense Department's many historic quarters must be maintained in full compliance with the National Historic Preservation Act of 1966. This Military Family Housing disproportionately drains overburdened housing accounts and adds considerably to management's administrative load.

DISCUSSION: The Services own, operate and maintain 2,675 units of family housing listed on the National Historic Register. They plan to spend almost \$63 million on them in Fiscal Year 1996—about \$23,000 per unit. This is far beyond the Department's FY-96 projected average of \$7,800 per Military Family Housing unit. Historic housing poses a particular problem for the Army, which plans to spend close to \$58,000 per historic unit in FY-96 (see Exhibit 2-5).

EXHIBIT 2-5 HISTORIC HOUSING COSTS, FISCAL YEAR 1996

Military Department	Number of units	Maintenance and repair cost (\$ million)	Average cost per unit
Army	786	45.4	\$57,700
Navy	378	11.3	29,900
Air Force	1,511	5.9	3,930
Defense-wide	2,675	62.6	23,400

Source: Services' Fiscal Year 1996 budget submissions.

Any significant work on these housing units must receive prior approval from the various historic preservation boards. Stringent board restrictions on changing the appearance of the homes usually add to the cost of upgrades. The high cost and complex approval process often discourage renovations. This is one reason for the disparity in the Services' average unit cost.

ANCILLARY RECOMMENDATION 8: In conjunction with the Services, review current inventories of historic quarters and initiate actions to remove all but the most significant historic homes from the National Historic Register.

RELATED ISSUE 9: MODULAR AND MANUFACTURED HOUSING—VALID ALTERNATIVES

Using modular homes and manufactured housing would be one way of reducing housing acquisition time and costs, where suitable to the need, environmental conditions and community standards.

DISCUSSION: *Manufactured housing* (formerly "mobile homes") sometimes has a much deserved reputation for inferior quality, high life-cycle costs and susceptibility to damage during violent weather. However, since the Department of Housing and Urban Development began to apply increasingly strict construction standards, many of these concerns have been reduced.

Modular homes consist of factory-built rooms or pieces that are assembled on a housing site. They must meet all applicable state and local regulations. Being factory-built, their quality can be closely controlled. Production and assembly time is predictable because work is done mostly indoors, and the pieces usually fit together (early intermodular mismatches of plumbing lines, for example, have been largely eliminated). Careful landscaping and placement can increase the appeal of modular homes. They should also last 20 years and can be replaced less expensively than traditionally built housing.

Fort Ord, California could almost serve as a "case study" for nontraditional housing. In the 1980s, 212 manufactured homes were built there in only 12 months when they were needed quickly. A key feature of this project was placing the homes in a well-landscaped area that

included many community support facilities (e.g., community center, laundromat and recreational facilities).

Later in the 1980s, 297 modular townhouses were built there. These are high-quality, esthetically pleasing homes that most residents like. Using modular housing techniques, the developer also made a profit, despite statutory limits on rents and without any occupancy rate guarantees.

Manufactured homes are not the best choice for every application. At Fort Ord, the solution worked and may work in other situations. When many junior enlisted are living near the poverty level in run-down civilian community housing, acquiring a large number of manufactured homes in a short time may be preferable to waiting much longer for many fewer traditional homes.

ANCILLARY RECOMMENDATION 9: Quality modular homes should be considered a valid alternative to traditional housing. Pilot programs should be encouraged at locations where manufactured housing would effectively solve a housing problem.

Bachelor Housing

Would you drop off your son or daughter at a college dorm, if it looked like some of the barracks we've seen? — QUALITY OF LIFE TASK FORCE MEMBER,
Task Force Meeting, June 27, 1995

The great disparity between family and bachelor housing is a big factor in the dissatisfaction of single junior enlisted personnel. *The Task Force* saw this problem first hand.

Married enlisted personnel normally have a multiroom house on base or receive a housing allowance. Most single enlisted members live on base in *barracks*, usually sharing a room with one, two or three others; sometimes a communal bathroom serves everyone living on a hall or floor.

Barracks often lack other amenities civilians consider necessities (e.g., in-room telephone, cable TV hookup and sufficient, functioning washers and dryers).

Though commonly referred to as barracks, dormitories, bachelor quarters or unaccompanied personnel housing, the term *bachelor housing* also encompasses off-base residences in the local community. In this *Report*, the term "barracks" refers only to on-base government housing. Bachelor housing is home to single or unaccompanied permanent party personnel, temporary duty personnel, trainees and transients.

Bachelor housing has many of the same problems as family housing. Under-funding and inconsistent funding have left many barracks in poor condition, and improving them will be expensive and will take decades at current funding rates. Again, cross-Service comparisons of bachelor housing are impossible because each Service manages its housing inventory differently. Each Service also has a slightly different assignment policy.

Single enlisted members want more privacy, space and better storage facilities, furnishings and amenities (e.g., laundry facilities, proximate parking, secure storage). Their personal property (civilian clothing, electronic equipment, recreational gear) no longer fits into a duffel bag or sea bag, and they often own a motor vehicle. For single enlisted people, the notion of privacy includes freedom from impressment into additional duties after normal working hours. Routine use of "hey

you" rosters, when no emergency exists, discourages single members who live on post from spending leisure time in their rooms or common areas, lowers morale and weakens esprit-de-corps.

The National Defense Authorization Act of 1993 stated more than two years ago:

[A]s the drawdown continues, single Service members should be provided with modern and comfortable barracks. Many barracks are old and in poor repair, and adversely affect morale of Service member...expect the Department to give similar priority to barracks as to family housing: to build and upgrade barracks to provide comfortable quarters for Service members.

Changes in military members' needs and expectations must be reflected in the living arrangements provided. Their desires must, however, be balanced against Service needs (e.g., acculturation of junior members, development of Service/military ethos and team building).

Bachelor Housing Stock

The Services report they operate 612,000 permanent party unaccompanied personnel housing spaces, 62 percent of them considered substandard under departmental criteria. The Army, Navy and Marine Corps report they have an additional 127,000 transient personnel spaces. The Air Force typically uses its non-appropriated fund lodging system for temporary duty transient personnel.

Where Members Live

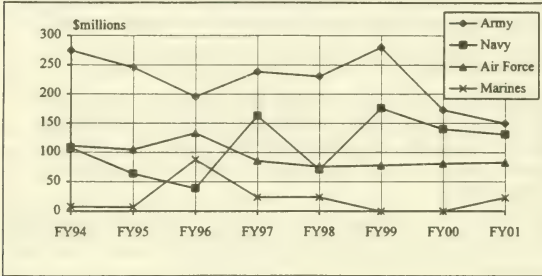
The vast majority of permanent party enlisted members live on-base, either in barracks or on board ship. The Navy has roughly 36,000 sailors living aboard ship in home port at any time. These sailors have little more than their bunk area to live in, with a small locker for all their possessions.

Service barracks inventories reflect a wide range of configurations. The Air Force leads the way in providing privacy and amenities, with one person per room a reality for more than 40 percent of its enlisted personnel. This, combined with the Air Force philosophy of moving senior personnel off-base, creates a much better living arrangement for its average single enlisted member than their soldier, sailor or Marine counterparts. These differences in living conditions have become a source of dissatisfaction among members in the joint operating environment.

Funding

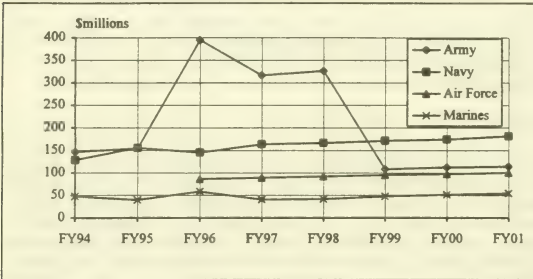
Funding for barracks is split between two appropriations, Military Construction and Operations and Maintenance (see Exhibits 2-6 and 2-7). Military Construction funding for new barracks and renovation of existing facilities is project-authorized by Congress and can be used for no other purpose. Barracks Operations and Maintenance funds are controlled at the installation level, and visibility of these funds varies greatly by Service. This funding is extremely *fungible* (easily shifted from one area to another) to meet operational and mission support commitments. All four Services have instituted programs to improve their barracks, mainly through significant increases in funding. Fiscal reality has not, however, always been able to support their vision.

EXHIBIT 2-6 BARRACKS NEW CONSTRUCTION FUNDING



Source: Services' Program Review 1997, F-11 Exhibits

EXHIBIT 2-7 BACHELOR HOUSING MAINTENANCE AND REPAIR FUNDING



Sources: Services' Program Review, 1997, F-11 Exhibits, except Air Force data which were reported separately."

Construction funding. The Services' military construction programs for new barracks fluctuates from year to year. This is caused by a number of factors, including inconsistent overall funding of the Military Construction account. Barracks projects must also compete with other mission support and quality of life priorities. This is a particularly sensitive issue, given the overall deterioration of base infrastructure during the last twenty years. The department's inconsistent application of construction standards in recent years has exacerbated the situation. Only the Air Force has kept funding relatively stable.

Operations and Maintenance funding. Real property maintenance funding is part of the base operating support portion of the Services' Operations and Maintenance budgets. It is normally passed from the Service headquarters to the installation as a lump sum allocation via the major claimants or major commands.

Tracking of funding varies by Service. The Navy is best able to track it down to the installation level; the Air Force least able, because no reporting is required. Further, there is no guarantee that funding earmarked for barracks will be spent on them. The current system allows installation commanders the latitude to execute their Operations and Maintenance total obligation authority where they believe it will best support the base's mission. Substantiated and anecdotal evidence indicates that barracks funds execution late in the fiscal year or migration to other areas has often occurred, resulting in erratic execution of barracks programs.

Condition

The amount of deferred maintenance, repair and revitalization is a main indicator of the condition of buildings. Because every Service has a different way of determining the backlog, however, the condition of their barracks cannot be compared in absolute terms. They all seem to agree, though, that their backlogs are large (on the order of \$9 billion) and will take decades to eliminate at current and projected rates of funding.

MAJOR ISSUES

Five major issues affect the standard of living for single and unaccompanied Service members. These reflect a broad range of subjects, from policy and criteria to funding and management. Though addressed separately, these issues are inter-related and must be taken as a package:

- Broad policies for bachelor housing policies
- Policy governing required and allowed residents in barracks
- Suitability criteria for bachelor housing
- Funding for bachelor housing
- Management and operation of barracks.

ISSUE 1: BROAD POLICIES FOR BACHELOR HOUSING

The Defense Department's general housing philosophy, and its general and specific bachelor housing policies, lack appropriate focus on single members.

DISCUSSION: Relevant departmental policy guidance "applicable to all Department of Defense personnel and quarters" are:

Excellent housing facilities and services shall be provided for all military members, their families and eligible civilians. Continued improvement in quality is a measure of excellence and customers of housing services shall participate in that evaluation. . . . Communities near military installations are relied on as the primary source of housing for Department of Defense personnel. Communities near military installations shall be the primary source to meet a need for additional housing. . . . Military-owned, leased, or sponsored housing may be programmed for all grades to meet long-range requirements in areas where the local community cannot support the housing needs of military members, where available housing in the community has been determined to be unacceptable or where personnel must reside on the installation for purposes of military necessity. . . .—DoD HOUSING MANAGEMENT, September 1993

This general guidance, intended to apply to *all* members, does not mention single, unaccompanied members. This omission appears to reflect the long-standing "also-ran" attitudes of pre-All Volunteer days toward short-tour enlistees and draftees, relatively few of whom entered the career force. As a broad policy statement for bachelor housing, it has the same deficiencies discussed earlier for family housing, lacking: a statement of the department's rationale for housing involvement; a delineation of departmental, Service and member responsibilities; and an indication of commitment to quality.

Specific bachelor housing policy guidance in the same source document reads:

Housing accommodations assigned to unaccompanied personnel shall provide the space, storage, privacy and furnishings, plus access to common facilities, required for comfortable living.—DoD HOUSING MANAGEMENT, September 1993

"Comfortable living" is the only standard given for departmental bachelor personnel guidance. Family housing, on the other hand, must have "amenities and services" that reflect American living standards:

Family housing facilities shall be operated and maintained to a standard that protects the facilities from deterioration and provides safe and comfortable places for our people to live. Military family housing amenities and services should reflect U.S. living standards for similar categories of housing.—DoD HOUSING MANAGEMENT, September 1993

The thrust of specific bachelor policy is clearly different in tone and coverage. Indeed, bachelor housing problems seem to germinate in the absence of a clear policy vision and take root in the uneven quality of construction and tardy, incremental repair and revitalization. Funding practices solidify disparities because, unlike family housing moneys, funds for bachelor housing Operations and Maintenance are not *fenced*.

In addition, barracks often lack the vocal proponents of improved conditions that family housing enjoys. In combination, these circumstances cause barracks to stand out as the more pressing problem of the two-headed housing hydra.

RECOMMENDATION 1. Amend, complete and clarify bachelor housing policy in relation to the general policy (revised per Recommendation 1 under Family Housing, above). Specific bachelor policy should parallel family housing policy in tone, completeness of coverage and commitment to quality in design, construction, maintenance, operation, amenities and service. If barracks continue to be the Services' main intended source of housing for singles, while community housing remains the primary source for families, housing policy should specifically recognize this distinction.

ISSUE 2: POLICY GOVERNING REQUIRED AND ALLOWED RESIDENTS IN BARRACKS

Should the Defense Department continue to provide barracks and require certain Service members to reside in them? If so, why and who are the probable recipients?

DISCUSSION: These issues are hotly contested today. Some people want to free their Services from mounting housing-related costs, which prove increasingly burdensome when military budgets are declining. They would eliminate barracks and pay housing allowances to all members for any housing they want—like "uniformed civilian employees."

Other people support on-base housing for reasons including: availability of personnel for military mission exigencies; civilian housing cost avoidance; and a rising need, in the face of American societal trends, to provide junior personnel (E1-E5) broader military identification and acculturation, team building and development of life skills in the early years of service. This acclimation happens in communal living and working but also while relaxing together. Shared activities create cohesion and, possibly, career commitment.

Some historical and current realities bear on the issues at hand. From its beginnings, the United States has provided shelter to military officers and enlisted personnel in on-base quarters. This arrangement stemmed from the military necessity of defending the installation, responding to crises and also cost considerations. In the 19th and 20th centuries, housing provisions were extended to apply also to family members. Allowances for housing off-base were paid when there was not enough on-base housing. Not until 1973, with the start of the All Volunteer Force, were housing allowances extended to E1-E4 personnel with dependents.

In the light of this tradition, it is doubtful that the public and the Congress would regard elimination of on-base housing for bachelor personnel as militarily sound, fiscally responsible or conducive to the personal growth of the most junior military population.

Nonetheless, the evidence is indisputable that enlisted personnel want more privacy, space and storage facilities; better maintenance; better furnishings and amenities, and a common gathering place to be with friends. Proximity to dining, recreational and fitness activities, public transportation and work are also important.

Privacy, in the view of most Service members with whom Task Force members spoke, was a relative term and almost a code-word for other aspirations. It also varied among the Services,

depending greatly on the perceptions of the members who seek it. To a Navy E4, accustomed to berthing as 1 of 30 division members aboard ship, privacy notions can reasonably accommodate one or more roommates in a decent-sized room in bachelor quarters ashore. Marine or Army units, whose members routinely live in 8- or 16-member tents in the field, look forward to a one or more member room at home base, provided that it is well-maintained and offers decent storage for military gear and personal possessions. Indeed, these same personnel, when allowed to move off-base, often demonstrate their elastic concept of reasonable privacy (and affordable cost) by sharing residences with several "roommates."

Privacy thus means more than the number of people sharing a space. To most, it means relative freedom from unscheduled impressment for duties in the absence of real emergencies. It also means relative freedom from what they consider too frequent inspections and onerous rules governing alcohol consumption, extended visits from the opposite sex and other regulations derived from both the consideration of every individual's rights in communal situations and the military's need to preserve order and discipline.

The Defense Department and the Services have a continuing obligation to provide barracks, but different standards may be necessary for certain groups because of the special circumstances that they create. Examples of such groups are: recruits and initial technical school trainees; individual and whole unit trainees; other transient personnel (individual and unit); permanent party personnel, significantly E1-E4, with latitude for some E5-E9 and for O1-O3 (including rotating crews) and surge capabilities. Local communities' capacity to supply permanent or transient housing at affordable costs should also be considered.

RECOMMENDATION 2: Initiate Service leadership discussion of the military and other purposes to served by the provision of barracks reflecting the input of military leaders on the prior recommendations, establish broad assignment parameters, with authorized latitudes to preserve Service ethos (i.e., who must be housed; who may be housed). Identify space and amenity requirements and related costs for intended users.

ISSUE 3: SUITABILITY CRITERIA FOR BACHELOR HOUSING

The Defense Department has published detailed community family housing "acceptability" criteria in *DoD Housing Management, Sep 93*. No similar criteria have been established, however, for off-base bachelor housing or for barracks.

DISCUSSION: According to the Defense Department, 44 percent of the enlisted force and 27 percent of the officers are unaccompanied. Again, actual numbers and percentages range widely by Service. For many years, only senior enlisted (E7-E9) and officers received housing allowances to live off-base, but there is an on-going effort to extend that option to E6s, including those permanently assigned to shipboard duty. Additionally, the privilege is extended to E5s and below when there is not enough on-base billeting space.

For some time, the added cost of housing allowances and the feared effects of this loss of leadership in the barracks have led to a reluctance to let senior enlisted personnel move off base. The current emphasis on improved quality of life is changing this perspective, however, and more bachelors are expected to live in the private sector in the future.

Although 18 percent of military bachelors live in private housing off base, the department has not identified acceptability and suitability criteria for off-base bachelor housing. Also, because housing referral services have traditionally served families, most of them are located in the Military Family Housing office, leaving bachelors to fend for themselves. Neither are bachelors surveyed, as military families are, about whether they consider their community dwellings suitable. If the department's goal is to provide or facilitate access to affordable, community-comparable, quality housing for all active duty personnel, off-base suitability criteria should be also established for bachelor housing.

Finally, as for Military Family Housing, the system has no suitability criteria for barracks. This makes determining the true condition of barracks spaces more difficult. Bachelors perceive these systemic omissions as inequitable treatment.

RECOMMENDATION 3: Set suitability criteria for bachelor housing—both in barracks and off-base—covering quality, cost, size, condition, amenities and, where relevant, location.

- **Require the Services to identify barracks/spaces that fail to meet these criteria and explain the reasons.**
- **Reimburse part of the Basic Allowance for Quarters to anyone assigned to barracks/spaces that do not meet these criteria.**
- **Direct the Services to provide bachelor personnel with housing referral services tailored to their specific needs, and encourage them to use the service.**

ISSUE 4: BACHELOR HOUSING FUNDING—INSUFFICIENT AND UNFENCED

For longer than the All Volunteer Force has been in existence, barracks resourcing has been unable to keep up with evolving departmental privacy and space directives; member aspirations for improved quality and amenities; and to prevent the big maintenance and repair backlogs from growing steadily. This resource gap is aggravated by opportunities to use barracks funds (which are mixed with other base operating support funds) for other needs. Indeed, some Service systems do not even track the specific utilization of funds for barracks.

DISCUSSION: The Defense Department considers 119,000 of its barracks spaces “sub-standard,” (i.e., failing to meet vague, subjective standards of space, privacy, quality or condition). The relative infrequency (about once a decade) with which space and privacy standards have changed for facilities with life expectancies of 50 years or more exacerbates the problem and results in a wide range of living conditions on installations. For example, an E4 may be assigned to a poorly maintained 1960s-vintage barracks, with two or three roommates, each getting 90 net square feet, with a central bathroom down the hall, only to find a coworker living in a modern, pleasant barracks built in the 1990s, with a private sleeping room of 110 net square feet and sharing a bathroom with one other person.

Inadequate resourcing magnifies the problem. Members often live with double or more the design-intended number of roommates. Concerns about storage, noise, tension and privacy

multiply exponentially, as do wear and tear on furnishings and structures. Some barracks go unrenovated but remain in use for decades beyond their design life. Inadequate, inconsistent, and untimely resourcing makes long-range corrective programs impossible to plan and execute.

Barracks funding is insufficient for many reasons. Funding requests are shaped by the total obligation authority, which the Defense Department provides each Service at the start of the budget-planning cycle. That sizes the pie, which must then be sliced to balance other priorities.

The growing demands of multiple programs attendant on the primarily married All Volunteer Force complicate decisions involving the quality of life slice. Services, and different leaders within them, put different emphasis on quality of life overall and on barracks in particular. Last, and by no means least, the Defense Department or the Congress often trim Service fund requests for barracks construction, operation, and maintenance, and funds appropriated for these purposes can be shifted to other uses on post.

The Services, generally, and most local commanders oppose *fencing* of barracks funds, believing that they need their flexibility under the current accounting system. Like family housing funds, however, barracks funds should be *fenced* to: ensure the sufficiency of Service funding requests; give visibility to the use of appropriated funds, and give barracks funding emphasis comparable to family housing. The department, working with Congress, can find flexible alternatives to diverting barracks funding that will better assure funding for international, national, and local contingencies of whatever magnitude.

RECOMMENDATION 4: Set priorities for addressing barracks problems, as follows:

- Request appropriated funding to retire the backlog of barracks maintenance and repair in eight years or less and thereafter provide enough current funding to prevent future backlogs.
- Renovate or replace barracks. Renovate to not worse than current standards and replace at the new construction standard (or approved Service alternative).
- If enacted to include barracks, aggressively apply the legislative authorities being considered by the 104th Congress to obtain and use private capital in funding these priorities.
- Seek authority to fence barracks operations, maintenance, and repair funding and require Service accounting visibility of requirements and execution.
- Accommodate bachelor housing within the proposed *Military Housing Authority* to optimize all aspects of its delivery.
- Consider funding Basic Allowances for Quarters and Variable Housing Allowances for all barracks residents, rolling over funds to the new, fenced "Bachelor Housing Operations and Maintenance Account." These funds would help to cut backlogs in the near term, enable payment of partial basic allowance rebates to bachelors who are

unsuitably housed in barracks and, ultimately, serve as part of the initial funding stream for bachelor housing within the *Military Housing Authority*.

ISSUE 5: MANAGEMENT AND OPERATION OF BARRACKS

Do current management and operation of barracks provide the efficiency, effectiveness and—above all—the customer service that contribute to personal readiness, morale and retention? If not, what improvements should the Defense Department provide or direct?

DISCUSSION: Preceding issue discussions point to a number of factors that seem to reflect a lesser departmental and Service emphasis on bachelor housing than on family housing. These have led to perceptions of systemic inequity and unfairness.

Local management of barracks was designated a major issue because it was a source of great frustration for residents, as told to members of the Task Force and as they observed themselves. Although Air Force personnel are more satisfied with barracks management, the types of management-related problems mentioned are sufficiently common and widespread to merit general discussion and associated recommendations. The most frequently mentioned complaints concern: management policy; staff training and professionalism; maintenance, supplies and furnishings; and administrative requirements and data systems.

Management policy. Services, and even bases within Services, have different management policies. Some Services separate transient-personnel and permanent-party barracks management. Some operate transient-personnel housing as a non-appropriated fund instrumentality, thereby facilitating personnel and procurement processes. Some are heavily staffed by civilians; others rely primarily on a military occupational specialty that encompasses barracks management and other areas of personnel support; some use a mix of civilian and military managers and staff.

The Task Force finds that Defense Department management guidance for barracks is inadequate to the task. What the focus and broad criteria of an effective barracks management system should be, and how it should operate, are questions that merit thoughtful examination and articulation by the Department and Services. Follow-on guidance should calibrate all such systems and actions.

Training and professionalism. Unprofessional management and indifference to customer needs cause barracks residents great frustration. Some Services fill barracks staff jobs with junior military or lowest grade civilians without any job-specific training. Many of these employees learn the job by observation or on-job training; but others aspire to move so rapidly “on and up” that they do not learn it at all. Only two Services (Air Force and Army) offer a continuum of quality training. In at least two Services, most overseeing, officer-level personnel have little or no experience with barracks, hotel or motel management.

A move already under way would combine Air Force and Navy training for residential management. This is an area that would benefit from fully joint training, using principally the American Hotel/Motel Association training vehicles and curricula for military application. Further professionalization can be achieved by adequate staffing standards, objective evaluation, personal accountability for assigned tasks, customer service and opportunity for growth and upward mobility. All are needed in any new system.

The management and operation of barracks are prime areas for inclusion in a *Military Housing Authority*. The only function requiring military execution is control of order and discipline in

barracks. Staffing the other managerial positions with civilians would lend needed continuity and expertise. It would also free up numbers of military personnel, who are, for some period of their career, diverted to this employment without specializing in it. Careful consideration must, however, be given to sea/shore and other Service rotational patterns.

Maintenance, supplies and furnishings. Management, whether civilian, military or mixed, must be given the tools to succeed. It currently lacks too many of these, namely dedicated, responsive maintenance, sufficient supplies and adequate furnishings. Shortfalls are attributable, in whole or in part, to insufficient operating and maintenance funding.

Members of the Task Force find that management of furnishings, however, is a "hot button," and one that is justified, among barracks residents who aspire to a decent living environment. Room furnishings used every day by young people, who are reassigned every two to three years, age more quickly than those in private homes. The hotel and motel industry standard calls for replacement of all a room's furnishings every seven years. The Services, which today replace anywhere from every 10 years (Air Force) to 20 years (Marine Corps), are seeking policy and funds to enable replacement every 7 to 10 years. *The Task Force strongly endorses* this change, having seen the condition of much of the furniture.

Furnishings are a problem for another reason. U.S. Code, Title 18, in effect requires use of Federal Prison Industries as the primary source of barracks furnishings. This is not the Services' source of first choice. Prison furniture costs 10 percent to 50 percent more than commercial furnishings, deliveries take longer (up to a year), workmanship quality is uneven and customer service is poor. To satisfy their housing customers, managers need greater system flexibility and responsiveness as well as access to better quality, more durable furnishings than prison industries offer.

Administrative requirements and data systems. Finally, barracks management must have a state-of-the-art, real-time, Service-wide data system—and expertise to operate it—to keep their business records and to meet the growing burden of reporting requirements from multiple sources (e.g., resident demographics; plant property maintenance and repair tracking; cost of services). Both data systems are lacking or are merely incipient in most Services today, and interconnectivity across Service lines is virtually nil.

RECOMMENDATION 5. Delineate broad guidelines, goals and requirements for an efficient, customer-oriented system for managing and operating barracks housing. The following changes are recommended:

- **Convert barracks management to a professional, largely civilian-run organization that stresses customer service and efficiency. Take private hotel and motel industry practices as the organizational model and include incentives based on upward mobility, customer satisfaction and other achievements.**
- **Ensure that any new management and operation system supports the military purposes for providing barracks and preserves order and discipline among residents.**

- In conjunction with the Services, identify finite barracks data recording and reporting requirements, and provide a joint, or at least, interconnective data system. Use existing commercial systems and programs wherever feasible.
- Seek relief from Title 18 provisions that make the Federal Prison Industries the primary supplier of all barracks furniture.

RELATED ISSUES

Like family housing, bachelor housing has a number of related issues that merit discussion and recommendations. Some of these, such as activity infrastructure, housing referral and security and safety, apply equally to bachelor housing but have been adequately addressed under family housing related issues. Others include: amenities in barracks; rules and regulations; and overseas bachelor housing.

RELATED ISSUE 1: AMENITIES

Base visits *convinced Task Force members* that too many barracks have been placed on available land without thought to creating an attractive, welcoming neighborhood, convenient to other facilities. *The Task Force finds* that the barracks renewal programs must start with cohesive plans for visual appeal and neighborhood convenience, perhaps something like the dormitory quadrangles on many college campuses.

DISCUSSION: The modern college dormitory-sized room and amenities or the average mid-grade hotel room would accommodate the expectations and aspirations, previously discussed, of the predominantly 18-to-25-year-olds who comprise the vast majority of permanent party barracks residents.

A number of amenities are highly desirable:

- A reasonably sized room should include adequate storage for military gear and personal possessions.
- A private bathroom shared by only assigned roommate(s).
- Sufficient, accessible and operational washers and dryers.
- Installing private in-room telephones and cable TV lines, in particular, would remove a major source of residents' frustrations over barracks life—and at a relatively small cost. Most Service members would willingly pay their own monthly telephone and cable bills to avoid standing in line at telephone banks or going to recreational facilities to watch cable television. Every Service is deficient in providing this individual hook-up capability.

- Deploying members could be given an opportunity to rent clean, safe, secure storage areas for their possessions and to insure them. Some facilities and Services already provide or contract to meet these needs.
- Security lighting in barracks and adjacent areas is known to reduce crime and anxiety.
- Communal gathering places could be provided, with an adjacent kitchen or microwave facility, preferably on each building level.
- Since not all first-term enlistees have cars, many of them would like to live within walking distance of food sources (dining halls and fast food outlets), fitness centers and other recreational services.

ANCILLARY RECOMMENDATION 1: Commit to providing in the near future achievable amenities such as telephone and cable TV access, adequate laundry equipment and secure storage for personal possessions and vehicles. Begin to develop plans, within funding limits, for longer term improvements such as neighborhoods that invite a sense of community; offer easy access to key services, and renovated or new barracks with contemporary amenities.

RELATED ISSUE 2: OVERSEAS BACHELOR HOUSING

Providing affordable, safe housing for bachelors assigned overseas has confounded the Services and its members for many years.

DISCUSSION: Many U.S. military bases overseas have barracks but of varying quality, sometimes far lower than customary in the United States. In many locations, the Services have leased off-base, hotel-like accommodations.

Sometimes during crises of indefinite duration, personnel have to live in tent encampments. In the short-term, such arrangements can positively influence unit cohesion, mission focus and determination to overcome daily annoyances to get the job done. However, long-term use of this type of housing furthers neither morale nor retention of high-quality personnel.

The U.S. government has been as reluctant to commit Military Construction funds for overseas construction and renovation of barracks as for family housing. In addition, legislation requiring use of American-made materials by U.S. contractors applies equally to barracks construction. These provisions often result in inconveniences and discomfort for U.S. military bachelors ordered to serve overseas.

ANCILLARY RECOMMENDATION 2: Support the elimination of "buy and construct American" legislation and aggressively work with the Congress to increase appropriations for Military Construction and Operation and Maintenance funding, of barracks overseas (especially in Korea and Italy). At the same time, enlist the support of the Department of State and the Commerce Department to obtain foreign funding to build quality housing for U.S. military use.

RELATED ISSUE 3: RULES AND REGULATIONS

The very existence of different rules and regulations for barracks residents and residents of family housing is regarded by some members as inequitable treatment and is a source of great dissatisfaction.

DISCUSSION: Experience teaches that different, usually more stringent, rules are needed for groups of unrelated individuals sharing living space than for families. Communal rules are intended to ensure that the one individual's rights do not impinge on the rights of others or of the group. Appropriate order and discipline must also be maintained, as they are key to success in the military and to the development of adult life-skills for society at large.

Nonetheless, Service-wide reviews of local regulations are appropriate. Wherever feasible, Service standards should be developed for across the board application and only under special circumstances should local amendment be permitted. These general Service standards would not be intended to support any reduction of necessary regulation, but to encourage the Department and Services to ensure the removal of needless, unproductive irritants.

ANCILLARY RECOMMENDATION 3: Direct the Services to review local barracks' rules and regulations. If possible, set a concerted single-Service standard that supports communal living, order and discipline, Service acculturation and ethos reinforcement, the highest standard of cleanliness and a sense of personal responsibility. Elimination of pointless regulatory requirements is encouraged.

Stages 1 and 2: Immediate Relief and Preparation

Task Force recommendations planned for the first two stages (Exhibit 2-2) are expected to relieve some of the housing shortcomings and lead up to the complete transformation of the delivery system in Stage 3, with the creation of the *Military Housing Authority*. Stage 2 also contains proposals to address:

- Misconception, inequities and inefficiencies caused by current policies
- Delineation of suitability criteria for both private sector and military housing
- Relief from cost-escalating laws, regulations and standards that needlessly run up costs
- Improved funding (allowances) and use of funds
- Specific attacks on a number of issues of immediate concern to installation commanders, members and spouses.

Stage-1 and -2 initiatives, aggressively implemented over 24 to 36 months, should significantly mitigate today's problems. However, both systemic problems and irreconcilable opposition persist between funding availability and needs. *The Task Force therefore finds that Stage-1 and -2 initiatives are not enough. That is why it recommends the creation of an entirely new housing delivery system in Stage 3—the Military Housing Authority.*

Stage 3: The Military Housing Authority

This major change encompasses funding, design, development, maintenance and management. The authority's mission, organizational and financial, should be modeled after those of successful state quasi-governmental agencies in 48 of the 50 United States and the Australian Defence Housing Authority. Agencies such as these enjoy wide acceptance with the financial community and have produced substantiated numbers of quality housing.

Why start over?

The inescapable realities that confronted the Task Force at every turn shaped its ultimate recommendation to start over instead of tinkering with so seriously flawed a housing delivery system. These included the:

- Inadequate availability, maintenance and management of housing
- Historic lack of funding and insufficient housing allowances
- Strangulation of the housing delivery system by federal law, regulation and practices
- Frustration of many military members and spouses and their vocal unwillingness to endure hardship housing conditions and inadequate allowances
- Cost and time needed to make housing habitable by community standards.

Moreover, *members of the Task Force recognize* the probability that the Defense Department would be unable to deliver even the resources projected in the current five-year plan, in view of the national focus on balancing the budget and reshaping government and on other competing demands for funding.

After discussing three ways to do the job—privatization, outsourcing and corporatization—the *Task Force recommends* corporatization.

Privatization. Privatization would pass the entire responsibility for housing to an outside entity to run as a private business. It would be financed chiefly by private resources plus member rent and would draw on well-recognized housing industry expertise. Some Task Force members advocated privatization. Many others were concerned about possible conflicts between a private enterprise's profit-making motivation and the Defense Department's goal of providing access to

good, affordable housing. Individuals asked whether the department could discharge its housing responsibilities in the absence of real control over private industry. Also asked was how the department could ensure that changing operational needs were met upstream and how industry rents could be prevented from escalating.

Outsourcing. Under the Task Force's working definition of outsourcing, the Defense Department could hire a private entity to discharge all or some functions of the housing delivery system for contracted periods. After downsizing, American corporations have used outsourcing, relegating support functions, in particular, to outside businesses. The collective experience of the Task Force revealed that aspects of outsourcing, too, cause some concern. Some once enthusiastic outsourcers find that contracting out costs more and results in poorer quality services than anticipated. Consequently, some corporations are slowly reversing their outsourcing trend or contracting for one service at a time with larger, more specialized organizations—at a still greater cost.

Corporatization. The Task Force uses the Australian term, *corporatization*, to designate a private entity with public purpose, a concept already well in evidence in the United States at federal and state levels. The panel envisions the establishment of a private enterprise as a subsidiary corporation responsible for executing the Defense Department's family and bachelor housing functions and responsible to it. The *Military Housing Authority* would operate as a commercial enterprise using industry practices and means under private industry-related laws.

Functions and Composition

The *Military Housing Authority* would build, maintain and operate all military housing, using mainly private resources but also some government/member funding (see Financial Concept, below). The *Authority* would help its regional managers contract for privatized services ranging from development and financing to local maintenance and management. Through construction, revitalization and assistance to Service members purchasing houses, both family and bachelor housing would be gradually upgraded.

For the first three to five years, the *Authority* would submit frequent progress reports to the Secretary of Defense. The *Authority* would also submit an annual corporate report to the Secretary, who would present it to the Congress.

The *Authority* would function as a governmental corporation with a public purpose (delivering quality, affordable housing and managing housing assets). It would focus on providing service to its customers (the Defense Department, Service members and military families). It would not be responsible for tenant oversight, which would remain with the Services. It would be nonprofit, returning any net surpluses to the corporation. All stock would be held in the name of the Secretary of Defense.

As a nonprofit corporation, the *Military Housing Authority* would be exempt from taxation. Importantly, it would be relieved of federal procurement and military construction laws, regulations and standards; and would be exempt from civil service requirements. It would be well leveraged with departmental housing assets and authorized to buy, lease, sell, trade, borrow money and issue mortgage-backed bonds. The *Task Force envisions* limited application of scoring requirements, to apply to federal dollars at risk. Operations would be keyed to powerful information systems.

Perhaps, most relevant is the opportunity such operation affords to maintain departmental control over housing, a key issue for readiness and quality of life.

Organization

The *Authority* would be organized around a Board of Directors, an Advisory Board to the Board of Directors, an Authority Head Office under a President-Chief Executive Officer; area or regional management centers and a few local offices.

Board of Directors. An 11- to 15- member Board of Directors would be the *Authority's* main governing body. Membership would include the Secretary of Defense, the Service Chiefs, the *Authority's* President-Chief Executive Officer and a number of able, experienced professional housing and finance experts. Any other Service representatives would be identified by the Secretary of Defense. The board's functions would include mission, policy and oversight. The *Authority* would provide periodic program reports to it.

Nonmilitary directors' terms should be staggered to allow both turnover and continuity. These directors should be compensated to attract talent and underscore the *Authority's* business character and independent responsibility.

Advisory Board. The Advisory Board to the Board of Directors would be responsible for discovering and bringing to the directors' attention changing Service needs, priorities and housing/personnel issues. The Advisory Board should include the personnel chiefs of the Services, the senior enlisted advisors and Service and civilian housing professionals. The Advisory Board would meet regularly to present reports and recommendations to the Board of Directors.

Head Office. Highly experienced professionals in housing, finance and systems would staff the Head Office. It should be led by a President-Chief Executive Officer, a well-qualified real estate professional with broad experience in housing and a familiarity with public policy. The President should be a well-paid, full-time employee of the corporation. Vice presidents for construction, property management, finance and systems, all established professionals from these fields, would assist the President. A small, but expert central staff, solidly supported by state of the art data systems, is contemplated.

Management centers. Since all functions would be accomplished by private contractors (e.g., developers and property management firms), regional management centers would be needed in areas of military concentration to let local contracts, oversee contract execution and carry out any other head office requirements. Centers would also work with local commanding officers and Service members to ensure customer satisfaction; and to identify needs and recommendations for the Head Office.

Local offices. Local offices would perform management center functions in areas where there is only an isolated military installation.

Financing

Upon its incorporation and establishment, the *Authority* would be capitalized with a contribution of Service-owned and controlled, on and off base military housing valued at market rates. Leased property would be included in the *Authority's* assets. Some modest initial cash capitalization would also be necessary.

The *Authority* could raise additional capital by issuing mortgage-backed bonds secured by its housing assets. The amount of capital raised in this fashion would depend on capital requirements, as well as loan to value ratios acceptable to the financial markets. With these funds the *Authority* could undertake immediate improvements in unsuitable housing and develop new community housing on a priority schedule, if necessary. Additional bonds, backed by new housing, would be issued on a continuing basis.

Debt incurred through this mortgage bond mechanism would be serviced by the net proceeds of "rental" of the units to military users after deducting operating costs, replacement reserves and other costs of doing business. The moneys available for debt servicing would be a function of an appropriate ratio of income/operations/debt.

The "rental" payments would derive from the Basic Allowance for Quarters and Variable Housing Allowance paid to Service members using military housing. In this concept, it is anticipated that all Service members would receive Basic Allowance for Quarters/Variable Housing Allowance and that allowances of members living in *Authority*-owned housing would be paid over directly to the *Authority*. This "rental" concept offers the further advantage of providing the *Authority* with fenced income. An alternative would involve changing to a regional fair market rental system with the member required to pay a percentage and the government a differential. Such an approach would stabilize housing outlay by grade and help to eliminate inequity.

This concept would require an increase in the personnel account equal to the amounts not currently being paid to members occupying military housing. The increase in these personnel costs should be much less than it would cost to build new and repair existing housing. These personnel budget increases would be more than offset by elimination of housing construction and operations and maintenance budgets. In short, the *Authority* would be a vehicle for leveraging existing housing assets and a comparatively small departmental funding commitment (increased housing allowances) so that the large amounts of capital needed to defray the costs of satisfying military housing needs could be mobilized on the financial markets.

In any case, an annual funding stream would necessarily consist of corporation proceeds, member contribution and governmental contribution (whether the current allowance system or fair market rental).

Cost Implications

The Task Force was neither asked nor staffed to develop a comprehensive cost impact of its recommendations. We recognize, of course, that cost implications are a crucial ingredient. There will be a significant cost in human terms, as expressed through retention rates, of not doing anything about the condition of military housing. As the necessary cost analysis occurs, as it must, we are concerned that the traditional approach could easily understate the leverage of private sector capital and the power of the private housing marketplace.

Intended Benefits

A new housing delivery system means taking on an entirely new way of doing business—and some risk that everything may not work perfectly. Even imperfectly executed, however, it will produce and fix housing faster and better than what appropriated funding is likely to support. The new

system will: provide professional management, operations and maintenance; eliminate many inequities and major frustrations; and simplify the execution of departmental and Service housing responsibilities without eliminating them. Finally, the new system will enable housing to operate as a customer-oriented business.

Imperatives of Success

To succeed, the *Authority* needs enthusiastic support for the long haul. Military and civilian leaders, Service members and their families, Congress and the administration, the public and the media, the housing industry and financial leaders—all must be informed and charged up by the vision, goals and feasibility of the *Authority* concept. They must become vocal proponents and facilitators of success in small and large ways. Also needed are the time and talent to flesh out and test the specifics of the *Authority* organizational design and operating policy before stand-up.

Crucial to the success of the *Authority* is the selection of its first President-Chief Executive Officer, who must be an outstanding national housing authority and fully committed to this important task. Good or bad, this choice will indelibly mark the new institution. Eliminating the snarl of immobilizing legislation and regulations and designing new *Authority* legislation is equally crucial.

Finally, a sustained, aggressive effort must be made to address the inevitable anxieties that will surface in the *Authority's* first five years: about change, about the enormity of the venture, about loss of control, and about the unknown. *The Task Force finds* that the *Military Housing Authority* is, among many solutions, the best for the Defense Department and the Services, for Service members and their quality of life and for overall readiness.

ANNEX 2-A ALTERNATIVE VIEWS

Family Housing Issue 2: Policies Governing Assignment of Family Housing

The Subpanel Co-chairs (Mr. Kim Wincup and Rear Admiral Roberta Hazard, U.S.N (Ret), support stronger wording of the recommendation to produce the desired outcome, specifically:

The Services will *require* local commanders to exercise concern for the access of members in pay grades E1-E3, who are family housing eligible, to “suitable” housing in the private sector and/or military housing.

Both Co-chairs also advocate the Defense Department monitor annual Variable Allowance for Quarters survey results to observe the trend of E1-E3 with dependents who are unsuitably housed. In the absence of clear progress (i.e., reduction of percentages), they advocate stronger initiatives be introduced.

Family Housing Issue 2: Policies Governing Assignment of Family Housing

Subpanel member Chief Master Sergeant of the Air Force (Ret) Sam E. Parish strongly supports the basic recommendation and does not agree with the alternative view expressed by Mr. Wincup and Rear Admiral Hazard. His rationale follows:

Commanders must have the leeway to manage their assets based on mission and needs. *Directing* commanders to exercise concern over a separate segment of their command, i.e., E1-E3s who are family housing eligible, can result in even more inequities and can severely penalize career enlisted members—the very members most needed for leadership and supervision for those being highlighted. *Let the commanders command.*

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ANNEX 2-B BUDGET "SCORING" AND HOW IT AFFECTS HOUSING

"Scoring" refers to how a financial obligation, such as a lease or a purchase of family housing is reflected in the federal unified budget. The rules for scoring are unique to the federal government and are important because they affect the options available for acquiring military housing. Changes in the rules for scoring long-term leases in 1990, effectively precluded further acquisition of family housing using this option. These changes, combined with a perennial shortage of funds for construction of new housing, has led the Defense Department and the Task Force to seek innovative ways to finance the construction of military housing.

Background

In 1983, Congress enacted authority for the Defense Department to enter into long-term leases as a mechanism to acquire housing with low initial budget cost. Under budget scoring rules in effect at that time, the cost of the lease was scored annually as lease payments came due. Leasing was attractive because of the low initial cost. Using this authority, more than 11,000 homes were built Defense-wide.

Use of this leasing authority to acquire new housing was stopped effectively after 1990, when the Budget Enforcement Act of 1990 changed the rules for the scoring of long-term leases.

The 1990 Budget Scoring Changes

The new scorekeeping rules, published in Office of Management and Budget, required the Defense Department to score the total estimated legal obligation of a long-term lease in the fiscal year the obligation is incurred. These revised rules required that the total capital cost of a housing project, plus a financing premium, be recorded in the year the lease is signed. This typically made the first year cost of leasing greater than outright purchase. In addition, the department was required to budget an annual payment for "interest" each year of the lease.

The changes in the budget scoring of leases were made so that the unified budget would better reflect the commitment made when a long-term lease was entered into—a financial commitment that has similarities to purchase. Proponents of the change argued that pre-1990 scoring provided an inappropriate incentive to use leases, rather than purchase, and that the financial commitment of the government under a long-term lease was not appropriately reflected in the budget. However, many believe that the changes went too far.

Impact on Housing

The current scoring rules, mutually worked out and agreed between Congress and the Executive Branch in 1990, made long-term leases so fiscally unattractive to the Defense Department that the authority enacted in 1983 has been condemned effectively to disuse.

Leasing is widely used in the private sector and the appropriate treatment of leases in private sector financial statements is relatively well settled. Because leases, and in particular long-term leases, are widely used in the private sector, government scoring rules that preclude them for Defense Department housing are suspect. The Task Force received evidence that, under certain

market conditions, leasing could be cheaper to the taxpayer than purchase and could result in earlier availability of needed housing.

While the Task Force is not recommending that the scoring rules be changed, it does believe that the rules should be the subject of further review and consideration to assure that the rules reflect leases and purchases equitably, and that mechanism for acquisition of a capital asset.

ANNEX 2-C HISTORICAL BACKGROUND OF HOUSING

The custom of government's furnishing or paying for lodging originated in pre-Revolutionary War America, when the British often quartered their soldiers in colonists' private homes without owners' permission. Angered by this practice, the framers of the Constitution, in the Third Amendment in the Bill of Rights, demanded an alternate means of housing the military, either by building government-owned facilities or by providing cash allowances for rentals or local purchases.

The Evolution of Housing Allowances

Military officers have normally been furnished living accommodations without charge. Officers not given government housing received cash payments for living off-post. Several methods of payment were used, including reimbursement of actual expenses for Army officers; and for Naval officers, a commutation payment of a third of pay. This practice continued until the Army and Navy Appropriation Acts of 1871 specifically prohibited additional allowances for housing. However, it did permit quarters to be furnished-in-kind, thus creating an inequity between officers living on and off-base.

Congress partly corrected this disparity in 1878, by authorizing a cash quarters allowance for Army officers—based on the number of rooms allocated according to rank. Naval officers had to wait until 1899 for equal treatment. Marital status did not become a factor until 1918, when as a temporary World War I measure, married officers living in the field or aboard ship were given commutation for quarters, heat and light, if their families did not live in government quarters.

Birth of current system. In 1922, Congress substituted a rental allowance for commutation for quarters, heat and light as the basis for payment—based on the average national monthly cost to rent one room. Marital status and family size were considered by authorizing more rooms for larger families. This system was changed in 1942, when a fixed monthly sum based on an eligible officer's pay period and dependency status was adopted—closely resembling the system used today. The Career Compensation Act of 1949 formally replaced the rental allowance with the existing Basic Allowance for Quarters.

Enlisted personnel—who were generally assumed to be single (a practice not fully eliminated until the 1970s)—have been furnished living accommodations at government expense or, if unavailable, a cash substitute. Not until 1940 was a similar entitlement recognized by law for enlisted members with dependents, and it covered only the top three pay grades. The Career Compensation Act of 1949 reinforced the housing or allowance entitlement, extending it to all career status enlisted members. The act also designated all non-career enlisted personnel (E1-E3 and E4s with less than seven years service) to be considered "single." This provision stemmed from the belief that unmarried enlisted personnel made better Service members—and were less likely to create a "social problem."

As a result of the large number of married personnel involuntarily ordered to active duty during the Korean War, the Dependents Assistance Act of 1950 established the "Class Q" dependent allotment for all personnel. It allowed a fixed amount of base pay plus Basic Allowance for Quarters to be included in the allotment and suspended earlier provisions

excluding junior enlisted personnel from the housing allowance system. Though originally intended to last only three years, these provisions were extended six times.

The Appropriation Act of 1962 increased permanent Basic Allowance for Quarters rates for pay grades E4 (with over four years service) through E9. It also removed the requirement for them to have "Class Q" allotments to receive Basic Allowance for Quarters, but it kept the "Class Q" allotment requirement for junior enlisted until 1971.

The All Volunteer Force. The Services' culture changed with the All Volunteer Force, with a much higher percentage being married. In 1973, Congress finally removed the provision that junior enlisted personnel were assumed to be without dependents. The same year, the Supreme Court gave married military women the same status as military men—allowing civilian husbands to be considered dependents.

The Defense Appropriation Authorization Act of 1977, permitted the President to allocate future pay increases to the three elements of compensation (Base Pay, Basic Allowance for Quarters and Basic Allowance for Subsistence) on other than an equal percentage basis. This was to allow progressive adjustments in the two basic allowance elements, so that over time they would more closely reflect reality. The law also allowed partial Basic Allowance for Quarters to members without dependents.

The pay adjustment mechanism was suspended in 1980 in favor of an across-the-board 11.7 percent increase to military compensation to make up for several years of inadequate pay adjustments. Congress also significantly increased compensation in 1981, with a 14.3 percent increase in Basic Allowance for Quarters and Basic Allowance for Subsistence, and a Base Pay raise of between 10 percent and 17 percent—depending on pay grade.

In 1985, Congress abandoned all adjustment mechanisms in favor of a new, restructured Basic Allowance for Quarters rate—based on actual personnel housing costs in different parts of the United States. It introduced the Variable Housing Allowance to help defray expenses when average housing costs exceeded 115 percent of the Basic Allowance for Quarters. It established that Basic Allowance for Quarters would be set at 65 percent of the national median housing cost (determined by survey), and that Variable Housing Allowance would be paid only where costs exceeded 80 percent of the national median. This provision was to ensure that no members would receive Variable Housing Allowance unless they were absorbing 15 percent of their housing costs from other compensation.

Defense Authorization Acts, since 1985, have by-passed the pay-adjustment mechanism of the 1977 law, with Congress establishing the compensation rate increases. This practice has gradually eroded the coverage of housing costs that the basic and variable allowances were supposed to provide. As a result, the absorption rate has risen from 15 percent to about 22 percent. No significant changes have been made to military compensation in 10 years.

Military Housing—A Historical Perspective

The first provision for military housing was made in 1782, when Congress authorized the Army to furnish one covered four-horse wagon and one two-horse wagon to a Major General. By the early 19th century, it became general practice to build quarters on-station for the commanding officer, a few senior officers and top-ranking enlisted men. The post quartermaster usually rented housing for other officers at no expense to them. Enlisted men, considered "single," lived

in tents, aboard ship, in the casements of forts, or in temporary wooden barracks. The few enlisted men who were allowed to get married had to fend for themselves. Their wives were considered little more than camp followers and many of them did laundry for the camp.

By the last decade of the 19th century, many of the small isolated western forts had closed. Forces were consolidated at larger posts, permitting better and more permanent housing to be built. Beginning in 1890, the U. S. Army Quartermaster Department produced a large volume of standardized plans for a variety of facilities, including housing.

Early in the 20th century, the Congress authorized a modest military housing construction program. By 1939, only about 25,000 family housing quarters existed throughout the Armed Forces (enough for less than 10 percent of the troops). World War II brought the first major increase in the number of family housing units, most of them rental units or temporary construction—authorized by the Lanham Act and other emergency legislation.

Modern Era. After the war construction dropped off. Although some shell or Quonset-type temporary houses were still being built and some existing temporary housing was being made more permanent, demand was far outstripping supply. In 1949, Congress authorized the Wherry Program, which enabled the construction of privately financed housing developments on government-owned land on or near military installations. The finished homes rented to military or civilian residents. Between 1949 and 1954, more than 83,000 homes were built under this authority.

In 1950, President Harry S. Truman established the Defense Housing Commission to study problems associated with housing military families. It resulted in the creation of the Armed Forces Housing Agency, which focused on family housing policy and status. Although the agency lasted only three years, it laid the foundation for the passage of a Defense Housing Bill, in 1954. This created the first significant appropriated fund housing construction program and 18,000 homes were built.

To overcome pitfalls that had beset the Wherry Program, Congress authorized the Capehart Program in 1955. It was designed to provide government-owned land for housing construction by private contractors who, after competitive bidding, obtained financing through the proceeds of 100 percent mortgages insured by the Federal Housing Administration. Once construction was completed, capital stock in the mortgagor corporation was delivered to the sponsoring military department. The military then assumed responsibility for operating and maintaining the housing and paying the mortgages (for a 25-year period). Residents of these units forfeited their Basic Allowance for Quarters. This program produced more than 115,000 quality homes before it expired in 1962. Concerns over financial losses by Wherry project owners and fears that the larger Capehart units would reduce demand for the Wherry units eventually led to government acquisition of all Wherry homes on or near military installations.

During the 1950s, the make up of the Armed Forces passed from 35 percent married to 45 percent, and the worldwide inventory of military family housing reached about 300,000 by 1960.

To improve the use of resources devoted to family housing, Secretary of Defense Robert S. McNamara centralized family housing management and funding in the Office of the Secretary of Defense in 1962. He also advocated an increased use of military construction over private financing and supported an increase in Basic Allowance for Quarters—the first in a decade.

Although Secretary McNamara intended to devote significant resources to improve the quantity and quality of housing, the growing conflict in Vietnam eventually caused a redirection

of departmental priorities. Nonetheless, about 8,000 new units per year were built during the 1960s and early 1970s—decreasing to about 1,000 a year by the end of the decade. In 1982, it was decided to refocus housing programs at the Service level and to return full management and funding responsibilities to them. This change carried with it the existing congressional stipulation that Military Family Housing operations and maintenance funding, once authorized and appropriated, would be “fenced” for that use by the Services. About 400,000 government-controlled homes exist today.

Attempts at Privatization. The Military Construction Authorization Act of 1984, created two third-party financing authorities for family housing, commonly called Section 801 and Section 802 housing (Title 10 U. S. Code, sections 2836 and 2837).

Section 801 was essentially a lease-build program, where the Services signed a 20-year lease/purchase agreement with a private developer, who built homes to military specifications, either on government or privately owned land. Residents were assigned to the homes in the same manner as other government-operated housing—with full forfeiture of Basic Allowance for Quarters. Once initial start-up issues had been resolved, private developers as well as the Services were strongly interested in the program. Under this program authority, 11,100 homes were built Defense-wide, between 1985 and 1995—although none were authorized after 1991.

Section 802, on the other hand, was a rental-guarantee program for developers. Under 25-year agreements, the Services guaranteed developers a 97 percent occupancy rate or subsidy payments on vacancies beyond that rate. These developments could also be on government-owned land. Military members would be given first priority to rent the homes—paying the developer directly—with rents based on local Basic Allowance for Quarters/Variable Housing Allowance levels. Vacant homes could be rented to civilians if no military were interested in them. However, since Basic Allowance for Quarters/Variable Housing Allowance is by design 15 percent below the median national housing costs, little interest developed in this program. Only one successful project has been completed—276 units at Marine Corps Base Kaneohe Bay, Hawaii. This program failed mainly because its financial incentives to developers did not offset its inherent high risk.

Real estate outleasing (*Section 2667*) is another method tried to acquire family housing. This program makes non-excess government land available for leasing by developers. The developers build housing on it, with terms of up to 99 years. Rents are based on Basic Allowance for Quarters/Variable Housing Allowance rates for the first year and are adjusted for inflation thereafter. Members execute individual leases with the developers and collect Basic Allowance for Quarters/Variable Housing Allowance. No rental guarantee is provided—developers assume all risks. Only one successful project has been completed to date, 220 units at Fort Ord, California.

Initially, these programs, and in particular Section 801, showed great promise as a means to acquire additional housing—without the large up-front appropriations required in traditional military construction. The Budget Enforcement Act of 1990, however, changed the situation. The Office of Management and Budget now requires the total obligation remaining—the full value of the lease—to be *scored* (a method of accounting for federal government liabilities) against the current fiscal year's appropriation. Changes to Title 10 also limit the government's liability to an annual appropriation, which discourages long-term private investment. Since none

of the Services can afford these pay-as-you-go rules, the Section 801 program has failed to reach expected goals.

In some, especially high-cost, housing-short areas, the Services execute annual leases with local landlords. These homes are then provided to military members, usually on a temporary basis (as when revitalization of military housing displaces the residents), like any other government-controlled housing. Other programs have involved the outright purchase of existing homes and in some cases entire developments by the Services.

Bachelor Housing Efforts. The number of barracks steadily increased after the turn of the century, and especially during World Wars I and II. Most of these buildings were open-bay type construction, with central, communal bathrooms. Each bachelor had a bunk, a foot locker and between 60 and 72 square feet of floor space.

With the advent of the All Volunteer Force, it was recognized that living conditions for enlisted members needed dramatic improvement to attract, recruit and retain desirable people. In 1972, the construction standard was changed to single, double, or triple occupancy rooms (depending on grade), with a shared bathroom, a freestanding wall locker, and 90 square feet for junior enlisted (E1 - E4). Senior enlisted (E7 - E9) were granted 270 square feet each; mid-grade personnel received 135 square feet. Most Services invested extensively in barracks during the 1970s.

Construction standards again changed slightly in 1983, when the current 2 + 2 standard (two per room) was adopted. This also provided 90 square feet for junior enlisted—including closets or lockers—with bathrooms shared by four. The standard for E5s and above did not change at that time. In 1992, the Army received a waiver from the Office of the Secretary of Defense to build single-person rooms of 110 square feet, with a bathroom shared by two people. It also allowed rooms designed for E5-E9 to be based on 220 square feet (a whole module that includes two rooms and a bath). The Navy adopted this standard also.

Department and Service surveys show privacy and living space are two key quality of life issues for enlisted members living in barracks. At this writing, new construction standards proposed by the Office of the Secretary of Defense, are still being actively discussed.

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CHAPTER 3 PERSONNEL TEMPO

The drawdown has caused many Service members to question their long-term commitment and the prospect of a full career. The turbulence of consolidations and base closures has disrupted assignments and family life...[a]nd a high tempo has put an extra strain on selected units.

—**SECRETARY OF DEFENSE WILLIAM J. PERRY**, Briefing on Launching The Quality of Life Task Force Study, November 1994

INTRODUCTION

Secretary of Defense William Perry directed the Task Force on Quality of Life to “identify ways of reducing personnel tempo and turbulence.” This *Report* provides initiatives to meet that objective by controlling operational tempo, leveraging the use of the Guard and Reserve, and providing more effective integration of contractor support.

As the study proceeded, five basic facts stood out. First, no clear, universally accepted definition of personnel tempo exists. Second, the profile of the active force and its operating environment have changed dramatically over the past decade. Third, the means of measuring personnel tempo varies widely among the Services. Fourth, while some personnel tempo is beyond the control of the Department of Defense, other elements can be influenced. Fifth, the consequences of excessive personnel tempo impair readiness and every other aspect of quality of life.

Personnel tempo is an intensely human problem. The most important finding about personnel tempo was not discovered in regulations, policies, or politics, but in the strained and weary faces of countless Service members. These people do their jobs with an encouraging enthusiasm, but at what cost? Technicians from the 429th Electronic Combat Squadron (EF-111s) at Cannon Air Force Base, Clovis, New Mexico told the Task Force that operational deployments kept them so busy that they did not have enough time to prepare for promotion exams—of the 55 eligible Staff Sergeants, not one was selected for promotion to Technical Sergeant! Another example of this intense personnel tempo occurred when AWACs and A-10 crews exceeded, in some cases, 200 days deployed last year. A Marine Expeditionary Unit deployed to Haiti only two weeks after returning from a six month deployment in the Mediterranean and off the coast of Bosnia, and similar exercises can be cited in both the Army and the Navy.

The Joint Staff defines *personnel tempo* as “a comparison of days in home port (home station) to days not in home port (home station) over a specific period of time.” The Task Force adopted this definition, but added “time spent in deployed field activities while in home port (home station).” Since the Joint Staff does not include training exercises in its definition, this addition produced a more precise assessment of personnel turbulence and helped to ensure valid observations.

Using this definition as a baseline, a review of Service regulations revealed dramatic differences in accounting for personnel tempo. To eliminate this confusion, the Task Force adopted a simple formula: *1 day away = 1 day away*. This approach helped produce a more accurate measure of conditions throughout the Services. As Exhibit 3-1 shows, we have moved to a

significantly smaller force that is CONUS-based, going more places, preparing to do more and requiring greater proficiency:

EXHIBIT 3-1 PROFILE OF ACTIVE FORCE AND OPERATIONAL ENVIRONMENT

	1985	1995	Result
Forces	2.1 million	1.5 million	28 percent smaller
Basing	forward deployed	CONUS based	more deployments required
Threat	defined	contingencies uncertain	greater versatility demanded
Training	service unique	joint combined	more time required

Today's military volunteer deals with a mixture of contingencies and joint, combined, and *Service-specific* training and exercises. Some are within the control of the Department of Defense and some are not. Many of these contingencies and exercises are an important part of national defense and are accepted as a part of the military profession. However, exercises that can be controlled and do not contribute to national defense or provide incentives to military personnel should be eliminated. The *1995 Annual Defense Report to the President and Congress* stated:

Since frequency and length of [deployments] can affect a family's stability, finances, and other aspects of living, the Department must commit to sponsoring programs for families who are affected by increased PERSTEMPO . . . the goal is to find a balance between mission and training requirements that draw Service members away from home and their need to spend valuable time with their families.

To improve personnel tempo, the department will have to streamline policies and find new ideas for managing innovative exercises and training. As a result of the information gathered during site visits, *the Task Force has made* several overarching observations which frame its recommendations:

- Personnel tempo issues are primarily policy driven, and may be significantly influenced by changes in regulations and standards.
- Programmed training and deployment schedules and tempo reporting require review.
- Legislative changes may provide opportunities to capitalize on innovative training techniques to leverage the Reserve Component for more effective integration into Active Component operations and training, and permit greater use of contract support.

Excessive personnel tempo has real consequences for military readiness. In his *1995 Report to the President and the Congress*, Secretary Perry summarized the correlation:

[R]eadiness is associated most closely with the morale and esprit de corps of U.S. soldiers, sailors, airmen and Marines. These intangibles are maintained by ensuring the best possible quality of life for people in uniform and their families. Quality of life falls into three general categories: standard of living for Service members; demands made on personnel, especially time away from family; and other ways people are treated while in the Service.

Personnel tempo focuses on the second of these three categories: demands made on personnel, especially time away from family.

Operational Tempo

Introduction

Operational tempo is the essence of the Department of Defense. A look at the U.S. military presence anywhere in the world reveals a strong, capable, tenacious force. Today's military is one of the most active in the Nation's history. It is also a forward-looking military, one that must, in addition to being able to fight two simultaneous major regional conflicts, conduct operations other than war with consummate professionalism. For example, U.S. troops were able to make the transition from an invasion force to an occupation force in a matter of hours during Operation Uphold Democracy in Haiti.

Operational tempo is divided into: (a) National Command Authority-directed operations—such as Provide Comfort in Northern Iraq, Uphold Democracy in Haiti, and Deny Flight in Bosnia, and (b) combat training. Although the Department of Defense does not control emergency contingency operations, it can make adjustments in the pace of combat training.

The evolving roles of the military and the imperative of retaining high-quality personnel requires a *right sized* operational tempo. This means assuring readiness of the forces while, at the same time, creating a quality of life that attracts and keeps top-notch members of the Armed Forces. Right sizing must take into account contingency operations conducted mainly in response to emerging events in a complex multipolar environment. Most deployments are accepted in stride by professional Service men and women. What needs to be controlled are deployments outside the necessary which cause unanticipated, long-term burdens on military members and their families. Right sized operational tempo achieves a sensible balance between controllable operational training and peoples' needs.

For example, "[V]ery long deployments, and more time under way when not deployed, are associated with lower first-term retention," according to a 1992 *Personnel Tempo of Operations* study from the Center for Naval Analysis. The study also said that, "The effects are largest for married sailors (about one third of those making reenlistment decisions), and sailors in relatively sea intensive ratings."

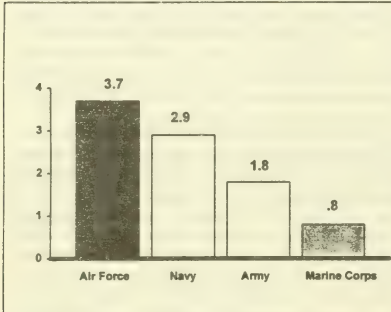
Moreover, unprogrammed contingency deployments—such as Bosnia, Somalia, and Haiti—absorbed Operations and Maintenance funds which, in turn, adversely affected training,

maintenance of equipment and bachelor housing, and other quality of life enhancements. As noted in the Secretary's 1995 *Annual Report to the President and the Congress*:

When called upon during crises, America's armed forces continue to react swiftly and decisively. However, when unbudgeted missions arise, O&M [Operation & Maintenance] funds often must be diverted from forces not involved When O&M dollars and other resources decline unexpectedly, readiness will suffer unless those resources are replaced and/or supplemented expeditiously.

It is doubtful that the diversion of funds from quality-of-life issues can continue without impairing future readiness. This diversion of funds comes about because the Congress, as a matter of policy, will not fund for contingencies in advance. When supplemental funding is finally provided to cover the costs of operations, the damage from this diversion has already occurred months or years earlier. This situation continued in Fiscal Year 1995 as Congress required full justification for all contingency costs incurred.

EXHIBIT 3-2 COST OF TOTAL UNPROGRAMMED OPTempo, FISCAL YEAR 1995 (\$9.2 billion)



Source: Logistics Management Institute.

Frequent unprogrammed deployments, numerous training activities generated by Combatant Commanders in Chief, and traditional inspection activities directed by the Military Departments all lead to increased personnel and operational tempo and challenges in managing the Active Force in an uncertain operational environment.

In a recent comprehensive survey of Army personnel conducted by the U.S. Army Research Institute for the Behavioral Sciences, officers placed family separation fourth of 53 reasons for leaving or thinking about leaving the Army. Enlisted personnel placed family separation third of 53 reasons for leaving or thinking about leaving the Army.

This *away time* ultimately causes financial burdens for Service members, as well as serious family problems such as spousal and child abuse, substance abuse, and divorce. An increase in

dependency on family support services further diverts much needed training, maintenance, and modernization dollars. As Service members and their families perceive an erosion in their quality of life, they will look for less stressful, more satisfying lives elsewhere, with adverse effects on retention:

In a quality-of-life town meeting held by the Task Force, a spouse said that significantly increasing deployments and training—time away from families—leads to distressing personal problems in the housing areas. She related that instances of substance abuse and spousal abuse among her stressed-out neighbors are getting so bad that she can no longer shield her children from its adverse effects. She tearfully stated that when her husband returned from his current deployment, she was going to tell him that they should get out. She told the Commander that the Armed Forces would not only lose a great senior enlisted member, but that she would also discourage her two children from ever considering the Service as a career.

A right-sizing in operational tempo that can be controlled by the uniformed military is essential to relieve overall personnel tempo pressures. That is why the added value of every training exercise, deployment, and temporary duty assignment should be closely evaluated.

CONCERNS AND STRATEGIES

Task Force concerns and findings in the area of operational tempo revolve around nine broad categories: deployed time, joint operations, training, readiness and training oversight, simulation, operations tempo reporting, equipment tempo, non-deployable policies, and allowances.

1. **Deployed Time:** Many Service members said they would like some manner of credit for routine training and deployments and for every other day they are away from home—"A day away is a day away."

Concern: Different Services apply deployment and training credit in different ways—additional sea pay in the Navy, an overseas control date in the Marine Corps, or credit for transfer to a less operationally oriented unit in the Army or Air Force. But, what is a normal deployment, and how long is a day? Each Service counts deployed time in different ways. For example, in the Navy, some sea/shore rotations can vary as much as three to five years in duration (based on occupational specialty). Assignment to the Combat Arms in the Marine Corps can mean deploying more than 50 percent of the time. And certain skills in the Air Force, for instance AWACs or A-10 crews, deploy as much as 75 percent of the time. The Navy only credits a unit—not individuals—with a deployment when underway time exceeds 56 days—the Marine Corps, over 10.

Strategy: A day in the field at Fort Stewart, Georgia, is the same as a day in the field deployed to Panama. The Department of Defense should standardize the methodology of counting time away as deployed time using the simple formula: *1 day away = 1 day away*.

2. **Joint Operations:** There is a perception that operational tempo has increased mostly as a result of Joint Task Force contingency operations. This is not necessarily so. For example, Operations Provide Comfort in Incirlik Turkey (providing protection for Kurds in northern Iraq), Deny Flight (preventing air incursions over Bosnia Herzegovina), and Southern Watch (providing protection for Shiites in southern Iraq while protecting the northern border of Kuwait) are not large contributors to high operational tempo (with the exception of operation Sharp Guard where Navy units are conducting embargo operations off the coast of Bosnia).

Concern: Joint exercises have grown in scope and numbers. U.S. Central Command has over 150 exercises scheduled within its Area of Responsibility in 1995 alone. Another driver of high operations tempo is *Service-unique* training, which is conducted separately from joint training or exercises.

Strategy: More effective joint operations (which include *Service-unique* training) can prevent deployment and training redundancies within the Services.

3. **Training:** Originally, the Joint Chiefs of Staff exercised operational control over every element of the Armed Forces in each command and designated one of their members as executive agent with operational command and control over all forces within a particular unified area. The Goldwater-Nichols Act of 1986 specified that the chain of command to a unified combatant command would run from the President to the Secretary of Defense to the commander of the combatant command (there are currently nine unified commands). Goldwater-Nichols gave these Commanders in Chief (CINCs) and the Chairman of the Joint Chiefs of Staff, as well as the Joint Staff, substantially increased responsibility for operational matters including exercises, deployments, and mission tasking of forces.

Concern: The CINCs have authority to mandate joint exercises with forces assigned to their commands. This creates a disconnect between the Service Chief's responsibility for training and the CINCs responsibility for being prepared for war. Yet the Service Chiefs retain the responsibility, together with the Service Secretaries, for organizing, training, and equipping the forces assigned to the CINCs. Thus, responsibility for managing operational tempo matters is divided.

Strategy: The Service Chiefs should be given clear responsibility by the Secretary of Defense for managing operational tempo within their departments so that a better balance can be achieved between force readiness and quality-of-life issues. In this regard, the Service Chiefs, as members of the Joint Chiefs of Staff, can play a more active role in managing the exercise activities generated by the CINCs and in fostering the use of new techniques to conduct joint training while minimizing operational tempo for Service members. The Joint Chiefs of Staff, Combatant Commanders, and Military Departments (Service Chiefs) should review mission taskings in connection with Program Objectives Memorandum development and the budget decision process.

The Chairman of the Joint Chiefs of Staff believes that combining *Service-unique* and joint training is probably the best way of reducing operational tempo. There are three necessary levels of training: (1) global and theater strategic training, (2) joint task force-level training,

and (3) *Service-unique* training. By careful advanced planning, the combining (or layering) of this training can be accomplished simultaneously during the same exercise, thereby reducing the time required to accomplish the three separately. Admiral Paul Miller, former commander of United States Atlantic Command, described this combination or layered approach as *Tiered Training*. To further reduce training time, as well as wear and tear on troops and equipment, any level of training—or combination of levels—can be conducted using tactical exercises without troops (TEWTs), simulations, distance learning, and other technologically advanced techniques.

4. Readiness and Training Oversight: With their responsibility for fielding trained forces for the CINCs, the Service Chiefs must be involved with training oversight and capitalize on new training techniques to right size personnel and operational tempo.

Concern: Currently, there is a need for more senior oversight of joint exercises and inspection activities of the Military Departments and the CINCs.

Strategy: Readiness and training oversight should be undertaken by an existing panel in the Joint Staff. The Vice Chairman as co-chair would share this responsibility with a Service Chief on a rotational basis to involve the Service Chiefs more closely by increasing their hands-on responsibility.

This panel would seek to develop a rational basis for right sizing joint exercise and Military Department inspection activities in relation to readiness. It would also review and foster support for new training techniques that reduce personnel tempo, such as interactive computer war simulations and tactical exercises which employ the minimum number of troops and materiel. The panel can oversee this system and incorporate its potential for distance learning. If this idea is to result in a true reduction of personnel tempo, the CINCs must remain involved in its planning and execution.

5. Simulation: Technological advances in simulation open almost limitless possibilities and challenges for future military training. As General Paul F. Gorman explained:

All military training save that from battle itself is perforce simulation; the most effective form of unit training is tactical engagement simulation that faithfully reproduces both interactions among weapons systems and the friction of combat, and that elicits intense concentration, like that of battle.

Concern: In the next century, training for military operations involving a complex array of weaponry presents Service members with unprecedented challenges. Training time and resources will be at a premium. Therefore, the Services must meet these challenges with new training techniques that draw heavily on modeling and simulation.

The Battle of 73 Easting was the initial armor engagement of the Gulf War for the 24th Infantry Division (Mechanized). A battalion-sized reconnaissance element, spearheaded by young Army Captains of the 2nd Armored Cavalry Regiment in M-1 Abrams Tanks, crested a rise in the desert directly in the path of the Iraqi Republican Guard. The captains took the

initiative and attacked. After the battle, General Vuono, then Army Chief of Staff, asked them to explain the great success of their first battle. One of the commanders responded:

Sir, this was not our first battle. This was our 15th battle! We fought three wars at the National Training Center in Fort Irwin, California; we fought four wars at the Combat Maneuver Training Center in Hoenfels, Germany; and a lot of other simulations like SIMNET, COFT, and BCTP. Yes, we had been shot at before. Many times. This war was just like our training." [Source: Institute of Defense Analysis]

Strategy: This wartime example illustrates an obvious way to reduce operational tempo without decreasing readiness: increase the use of modeling and simulation in all training and exercises to help reduce personnel turbulence, cut deployment and travel costs, and capitalize on advances in electronic technology to improve force effectiveness. According to the Department of Defense Executive Council on Modeling and Simulation:

Defense modeling and simulation will provide readily available, operationally valid environments for use by DoD components to train jointly, develop doctrine and tactics, formulate operational plans, and assess war fighting situations; as well as to support technology assessment, system upgrade, prototype and full scale development, and force structuring. Furthermore, common use of these environments will promote a closer interaction between the operations and acquisition communities in carrying out their respective responsibilities. To allow maximum utility and flexibility, these modeling and simulation environments will be constructed from affordable, reusable components interoperating through an open systems architecture.

The Services should be challenged to do more with electronic schooling to reduce the number of deployments, temporary duty assignments, and permanent changes of station. For example, the Army Intelligence School at Fort Huachuca, Arizona, has an extensive library of lesson plans and training materials on compact disks and computer mainframes accessible to students all over the world. In that regard, the Defense Science Board Task Force on Readiness final report made two main recommendations for:

- guidance in common modeling and simulation architecture and connectivity policy
- more user involvement and OSD oversight and coordination for simulation development in joint force training, joint and combined doctrine development, mission rehearsal and development planning, Reserve Component individual skill/collective training, combat and combat support exercises and evaluations, and communications systems.

Simulation works. Besides the example from the Battle of 73 Easting, many studies have shown not only the tangible benefits inherent in simulation, but also the advantages of doing the training at home stations instead of deploying:

- More battle runs in networked simulation increased scores in international armor competition—Kraemer and Bessemer (1987)
- No differences in performance of 55 field tasks by platoons trained using networked simulation and those trained in the field—Gound and Schwab (1988)
- Compared results from 714 platoons that received conventional training in the Armor Officer Basic Course with 39 platoons that received networked simulation . . . simulation improved field performance ratings by 25 percent and saved 20 percent of course time—Bessemer (1991)

Joint interactive simulations provide a virtual theater of war with economy, safety, reproducibility, visibility, and reality. They should be used as much as possible to increase training proficiencies and reduce operational and personnel tempo. For example, joint simulation warfare has been conducted for several years in the Combined Forces Command in Korea. These simulations use computer-generated scenarios to train the combined staffs at minimal costs.

6. Operations Tempo Reports: An operational tempo reporting system will give leadership a tool for detecting and tracking operational and training trends and requirements.

Concern: The Services must develop a reporting system that will help to control operations tempo by managing carefully diminishing resources and valuable time.

Strategy: The quarterly reports provided by the CINCs to the Secretary of Defense (with copies to the Joint Chiefs of Staff) should include actions the CINCs are taking (and planning) to decrease joint exercise activity and to capitalize on support by civilian contractors and Reserve Components to alleviate operational tempo problems. This would also help to focus attention on common problems and foster constructive dialogue to improve control of operations and training.

7. Equipment Tempo: Today's complex and wide-ranging operations and training (for both operational deployments and home station training) require vast expenditures for equipment and related maintenance and modernization.

Concern: In some cases, such as when equipment is pre-positioned for continuing use by rotating units in training areas, the adverse effects of equipment tempo exceeds those of personnel and operations tempo combined. This equipment must be constantly maintained—and modernized—which adds significantly to already high operational tempo costs.

Strategy: Any reductions in operational tempo must be tied to comparable reductions in equipment tempo. Conditions currently require additional funding for existing, modern equipment upgrades and maintenance. The Defense Science Board Task Force on Readiness noted this as an increasing problem throughout the Department of Defense:

All Services indicated the presence of a maintenance backlog and only the Navy thought it was manageable. The Air Force is watching it closely and the Army and Marine Corps expressed concerns about the impact of the maintenance backlog. A number of factors serve as catalysts for the maintenance backlog (unscheduled OPTEMPO, availability of spare parts, and availability of properly trained maintenance personnel to included Full Time Support personnel in Reserve Component units). Of particular concern is the projected growth of the backlog over the POM years.

Instituting equipment maintenance and modernization programs may require an increase in current end-item allowances to all of the Services, but this investment is crucial to future preparedness. In his book *The Secret Of Future Victories* (Institute For Defense Analysis, Feb 92), General Paul Gorman, U.S. Army (Retired), relates that a cardinal lesson of U.S. wars in the 20th century is that the country pays with casualties in time of war for neglecting its Armed Forces during times of nominal peace. Given the reach and lethality of modern ordnance, the penalty for lack of preparedness for such a war could be devastating. Conversely, the reward for peace-time investments in readiness will reduce unnecessary casualties.

Modernization, then, is an integral part of readiness—tied directly to managing equipment tempo. Quality of life also extends to providing U.S. fighting forces with the best of equipment and the latest technology. This technological edge gives them a head start which will contribute directly to ultimate victory on future battlefields.

8. Non-Deployable Policies: Deployable units must be able to do just that—deploy. If not every member of these units can deploy, someone has to do double duty.

Concern: The realities of maintaining a ready military force of individuals necessarily includes taking care of any Service members prevented from deploying with their units by unexpected circumstances. In its report to the President and the Congress, the Department of Defense emphasized this point as an important aspect of readiness:

The Department is strongly committed to studying the issue of nondeployability and its impact on readiness. To address this issue . . . under the leadership of the Assistant Secretary of Defense (Force Management Policy) the Department contracted the Logistics Management Institute to perform a comprehensive analysis of the impact of nondeployable personnel on readiness and equity. This study also will look at the degree to which individuals in Active component units, who are not deployable, are adversely affecting readiness. The Department is totally committed to studying nondeployables aggressively with the Services to facilitate an analysis for future reports.

Strategy: The Department of Defense should enforce non-deployable policies. All personnel must be screened carefully for deployability before being assigned to highly deployable units.

In some instances, funding could be made available for the CINCs to consider drawing from a pool of Reservists (individuals and units) available on a volunteer basis to fill in for non-deployable Active Component personnel. Careful management of assignments will be key in identifying personnel who cannot be deployed because of skill mismatches, gender prohibitions, and inadequate dependent-care plans.

9. **Allowances:** Although the department's ability to control contingency deployments is limited, it can better manage the financial impact of such deployments by properly compensating individual Service members.

Concern: Clothing and separation allowances need attention. The Clothing Maintenance Allowance is provided to all enlisted Service members regardless of their occupational specialty. The fatigue or utility uniform costs about \$60.00 to replace, but the clothing maintenance allowance is \$50.00—for the entire year. Many occupational specialties do receive work uniforms at no cost to them. For example, pilots and aircrew members receive flight suits, tankers and armored vehicle crewmen receive nomex tanker suits, and warehousemen and mechanics receive coveralls. However, for many other Service members, fatigues or utility uniforms are their only uniform. As an example, Service members from the 25th Infantry Division and 3rd Marines said they wear out a pair of boots and several uniforms every time they train in the Pakoloa Training Area. The replacement of uniforms becomes critical for personnel who deploy frequently and wear out or ruin uniforms during routine, rigorous training, maintenance, and work-related duties. Their clothing allowance for the entire year does not equal the cost of one replacement fatigue or utility uniform.

Another concern is the manner in which family separation allowances are paid—starting only after the thirtieth day away.

Strategy: The Task Force recommends the direct exchange of unserviceable fatigues, utility uniforms, and boots throughout the Services for operational forces and supporting units at no cost to the individual Service member.

Payment of separation allowances should also be changed to begin on the first day of the deployment, and be paid for each day away rather than waiting for a 30-day accumulation.

RECOMMENDATIONS - OPERATIONS TEMPO

- Negotiate procedures with the Congress to allow advance funding or quick reimbursement of costs—not off-sets—exclusively for contingency operations.
- Negotiate procedures with the Congress to allow funding for existing, modern equipment upgrades and maintenance.

RECOMMENDATIONS - OPERATIONS TEMPO (continued)

- The Department of Defense (particularly the Joint Chiefs of Staff) should judiciously manage non-contingency training activities by assessing the added value of every training exercise, deployment, and temporary duty assignment generated by the CINCs and the Military Departments. To that end, Service Chiefs should ensure that as much of their *Service-unique* training as possible is concurrent with joint training. The Chairman of the Joint Chiefs of Staff should also establish a Readiness and Training Oversight panel co-chaired by the Vice Chairman of the Joint Chiefs of Staff and a Service Chief to provide senior oversight of the Military Departments' joint exercises and inspection activities.
- The Department of Defense should standardize the methodology of counting deployed time using the formula: *1 day away = 1 day away*.
- Quarterly reports by the CINCs to the Secretary of Defense (with copies to the Joint Chiefs of Staff) should include actions the Combatant Commanders are taking (and planning) to right size joint exercises. These reports should also include actions to capitalize on using the Reserve Component and outside contractors to reduce operations tempo.
- Capitalize on modern technology (e.g., distance learning, simulation, and gaming) in all training and exercises to reduce personnel turbulence and cut travel and deployment costs.
- The Department of Defense should enforce non-deployable policies—particularly for personnel assigned to highly deployable units.
- The Department of Defense should increase allowances and provide direct exchange for work uniforms to cushion the financial impact of deployments on individual Service members.
- The Department of Defense should increase allowances for family separation to be paid for each day away rather than waiting for a thirty day accumulation.

RESERVE COMPONENT

Introduction

When the Secretary of Defense directed the Task Force on Quality of Life to identify ways of reducing personnel tempo and turbulence, he asked that the Task Force specifically look at how the National Guard and Reserve might be used to reduce the personnel tempo of the Active Force.

The year 1973 marks the most significant policy decision in the history of the Reserve Component. The Department of Defense established a Total Force Policy designed to integrate

Reserve and Active Forces, and to ensure a more capable and balanced overall force structure. Within this framework, the U.S. Army, for example, adopted the "roundout" concept of tying together Active Components and Reserve Component brigades to achieve full or Total Force battle readiness. The concept helped achieve closer integration and better training and trust—all necessary for war-time missions.

Without question, this Total Force Policy has brought the Active Component and the Reserve Component closer together than at any other time in history. Although a review of the results of this policy may produce a mixed assessment, facts show that adequate resources and training opportunities should be appropriately shared among Total Force partners. Such resources and opportunities are needed to ensure that the Reserve Component is ready and able to deploy seamlessly with the Active Component at any time.

Today the Defense Department has strong leadership and a strong mandate:

As the Armed Forces of the U.S. are being drawn down in accordance with our National Security Strategy, we continue to ask the Active Components to meet increasingly demanding operational requirements. We need to better leverage our National Guard and Reserve forces, which are well qualified and capable of performing some of these missions. In the Cold War, the emphasis for the Active Components was on fulfilling operational requirements, and the focus for the Reserve Components was on training for mobilization. We need to reorient our thinking and plan to capitalize on Reserve Component capabilities to accomplish operational requirements while maintaining their mission readiness for overseas and domestic operations. SECRETARY OF DEFENSE MEMORANDUM, "Increased Use of Reserve Forces in Total Force Missions".

Yet significant obstacles still block the full use of Active and Reserve Components. Despite more than twenty years under the Total Force Policy, misconceptions about the Reserves and National Guard persist. Most Americans, for example, do not realize that thousands of Reserve Component volunteers serve on active duty every day in the United States and abroad. Many Americans are unaware that a substantial number of men and women in the Reserve Component are veterans of the Active Component. These members provide a wealth of valuable experience to their units at a fraction of the usual enlistment and training costs.

National Guard and Reserve units provide unique and essential core competencies to Commanders-in-Chief throughout the world. The Reserve Component contributes more than 120 crucial capabilities to the Active Force—21 of which represent 100 percent of that capability in the Total Force. Some of these 120 crucial capabilities are listed in Exhibit 3-3 (below):

EXHIBIT 3-3 EXAMPLES OF RESERVE CONTRIBUTIONS TO THE TOTAL FORCE

National Guard and Army Reserve	37 Civil Affairs Units 13 Medical Brigades 29 Combat Heavy Engineer Battalions 24 Attack Helicopter Battalions 2 Special Forces Groups
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EXHIBIT 3-3 EXAMPLES OF RESERVE CONTRIBUTIONS TO THE TOTAL FORCE CONTINUED

Naval Reserve	15 Cargo Handling Battalions 12 Mobile Construction Battalions (SeaBees) 6 Fleet Hospitals 1 Carrier Air Wing 9 Maritime Patrol Squadrons
Air National Guard and Air Force Reserve	5,069 Aeromedical Evacuation Crewmembers 250 Tactical Airlift Aircraft 627 Tactical Fighters 15 Special Operations Aircraft 36 Tactical Reconnaissance Aircraft 6 Airborne Warning and Control (AWACS) Crews (in training)
Marine Corps Reserve	2 Tank Battalions 1 Light Armored Infantry Battalion 5 Artillery Battalions 2 Light Attack Helicopter Squadrons 4 Fighter Attack Squadrons 2 Attack Squadrons
Coast Guard	351 Deployable Port Security Unit personnel

Although there are other examples, the success of the Total Force Policy is best exemplified by Desert Storm. In that operation, the 142nd Field Artillery Brigade of the Arkansas Army National Guard moved 350 kilometers in four days and fired more than 422 tons of ordnance in support of the British 4th Armored Brigade during the ground campaign. The British Commander recalled: "I was able to see the bombardment laid down in front of me. It was a sight I shall remember the rest of my days . . . the 142nd was firing over my head. For 45 minutes there was what I can only describe as a running roar as MLRS sub-munitions exploded By golly, they were good!"

Charlie Company, 4th Tank Battalion, U.S. Marine Corps Reserve, made the transition from M-60 to M-1 tanks in 18 days, deployed to Saudi Arabia only 5 days later, and fought and won. Another 4th Tank Battalion unit, Bravo Company, fought with M-60s and was credited with destroying 30 Iraqi armored vehicles and tanks.

During the Cold War, America's Reserve Component trained for mobilization readiness. Today, they maintain a higher state of readiness and capability than many regular forces of other nations. Such readiness is required to support current military operations around the world.

Recent and Current Operations

The role of the National Guard and the Reserves has continued to increase with the downsizing of the Total Force. In helping reduce the operational burdens of the Active Component force, its importance is growing.

During Desert Storm, about 250,000 Guardmembers and Reservists were called to duty in the largest and most successful mobilization and deployment of Reserve Component forces since the Korean War. More than 105,000 deployed to the Persian Gulf. Some of them saw combat, but the majority served in support roles.

In 1994, Reserve members were activated (or volunteered) to support the following operations: Restore Democracy (Haiti), Provide Promise and Deny Flight (Bosnia), Southern Watch (Southern Iraq), and Provide Comfort (Northern Iraq). During Restore Hope in Somalia, the Air National Guard and the Air Force Reserve provided all of the air medical evacuation of the wounded. Nearly 4,500 Guardmembers and Reservists were called to active duty in Haiti for Operation Uphold Democracy. Essential peacekeeping support included Creole linguists, civil affairs, military police, port security, aerial refueling, logistics operations, and medical evacuation.

Army and Air Force Guardmembers and Reservists also fought fires in the western United States using Army Reserve helicopters and Air National Guard and Air Force Reserve C-130 aircraft. The Marine Corps Reserve provided security for refugees in Cuba and operated and maintained equipment for deployed Active Component forces during Restore Democracy.

The current level of Reserve Component support to military missions is substantial. In operation Provide Promise in Bosnia, two thirds of the airdrop and air/land sorties were performed by Reservists. A composite unit of volunteers from the Air National Guard and the Air Force Reserve flew combat missions in Deny Flight over Bosnia for several months, using individual Guardmembers and Reservists on 20-to-60 day tours of duty. Additionally, a Naval Reserve tactical electronic warfare squadron recently returned from a 4-month deployment aboard the *USS Theodore Roosevelt* where it was integrated into United Nations air operations for Deny Flight over Bosnia.

In July 1995, a South Carolina National Guard engineer battalion, a Naval Reserve construction brigade, and Marine Corps Reserve engineers and security forces deployed to Albania to participate in Exercise Uje Kristal (Clear Water)—a Partnership for Peace humanitarian project. These Reserve members worked side-by-side with active duty Navy SeaBees and Albanians:

We fight together, so we've got to train together, commented the National Guard colonel who commanded this joint task force. Every problem we solve . . . brings us much closer to a joint mind-set. If we get used to working together, we won't have to keep reinventing the wheel each time we get together.

The specific mission was to overhaul a run-down military trauma hospital. The exercise provided an opportunity for Reserve Component and Active Component personnel to work together on a common mission, combining the strengths and skills of each. It also demonstrated a successful Total Force approach to commanding and staffing a multiservice, multinational operation.

Employing National Guard and Reserve forces reduces Active Component personnel requirements, accesses unique capabilities available in the Guard and the Reserves, and builds credibility and trust between the two components—a Total Force approach.

Other deployments included:

- An Army composite battalion (72 percent National Guardmembers, 8 percent Reservists, 20 percent Active Component—including the Commander!) which recently deployed to the Sinai for six months to support the Camp David Peace Accords. This composite force serves as a model for Reserve Component integration. However, the Panel notes that although there is a trend toward the use of composite units, such as in the Sinai, this does not indicate that there is a backup composite battalion to replace the one coming off duty.
- Regular deployments of Naval Reserve ships, aircraft, and personnel to support counterdrug operations off the South Florida coast.

The Services also depend on other Reserve Component members for specialized duties:

- *Army.* Despite limited funds, the Army employs Reserve chaplains, contract and environmental law specialists, automation specialists, biotechnology experts, pathologists, and marketing and media relations experts to meet a diverse range of requirements that cannot be met as efficiently by Active Component personnel alone.
- *Navy.* The Navy employs Reserve members in special programs for telecommunications support, dental support at Active Component facilities, scientific and technical research at the Naval Research Laboratory and the Office of Naval Research, and legal assistance (in international and civil law litigation and claims) at Naval legal services offices worldwide.
- *Air Force.* The Air Force employs Reservists to provide intelligence, medical, legal, engineer, and public affairs support. Guardmembers and Reservists with foreign language and computer skills also support counterdrug and special operations. Reserve Component chaplains have supported special requirements, such as establishing a computer link between the Office of the Chief of Chaplains and the Air Force Chaplain School at the Air University, and designing an industrial style ministry for base closure operations while supporting the requirements of many religious denominations.

In the 1980s, the Commander-in-Chief of the Southern Command (SOUTHCOM) broke with the traditional 2 week Reserve Component rotation limitation by relying heavily on Reserve forces to accomplish in-theater missions in what has become known as the *Panama Paradigm*. Reserve training dollars and scheduled unit training in SOUTHCOM provides a Reserve Component presence on a rotational basis in remote areas to accomplish engineering, humanitarian, civic action, and medical and dental assistance missions as part of annual training. SOUTHCOM's success in using Reserve forces serves as a model for expansion into other commands to support theater objectives and to reduce the personnel demands on the Active force. Through the extensive use of overseas deployment training, Reserve units gain unique and valuable training opportunities in mobilization, deployment, employment, and redeployment skills. Presently, most Guard and Reserve units in overseas environments usually perform this service on 21 day tours.

The integration of the Air National Guard and Air Force Reserve into the day-to-day operations of the Air Force provides an excellent example of increased use of the Reserve Component in Total Force missions. Key Air Force capabilities—aerial refueling, theater and

strategic airlift, and tactical reconnaissance—are performed by National Guard and Reserve forces. For example, the Air Guard and Air Reserve provide support for at least a third of the Air Mobility Command's airlift and daily air refueling mission requirements. Other examples of operational mission support include intelligence, medical, engineering, public affairs, and joint augmentation of unified commands and various agencies.

The National Guard Bureau sponsored the Army National Guard's maintenance and repair facility presently established to maintain heavy equipment at Kaiserslautern, Germany using unit rotations. Additionally, the National Guard Bureau took the lead in the Equipment Retrograde Program using unit rotations to repair 9,000 vehicles for shipment back to the United States from Europe.

The Department of Defense will continue to leverage the cost-effective contributions of the Reserve Component to compensate for a smaller Total Force. Reserve Component capabilities can be provided by using a mix of part-time and full-time personnel, training dollars, and Reserve active duty tours to provide humanitarian assistance, disaster relief, and support for regional contingencies—as well as day-to-day operational missions.

Effects of Increased Missions on the Reserve Component

The role of the National Guard and the Reserves has continued to increase with the overall downsizing of the Total Force. It can become increasingly important in reducing the operational burdens on the Active force. *But these opportunities do not offer a panacea.*

The Office of the Assistant Secretary of Defense (Reserve Affairs) recognizes that taking on more missions affects Guardmembers' and Reservists' quality of life. Reserve members must be included as integral members of the Active Component command. They must be provided disability protection and other important active duty benefits during their transition into and out of active status. Because most Guardmembers and Reservists have full-time jobs, effective and persuasive ways have to be found to encourage employer support and to minimize conflicts between military members' service and their obligations to civilian employers. Perhaps most important, Service members' families need support while their sponsors are on active duty—especially access to the same types of services as families of Active members (e.g., commissary; counseling; medical treatment; financial assistance; and morale, welfare, and recreational facilities).

As reliance on the National Guard and the Reserves increases, quality-of-life and hardship issues will also gain in importance. Even short-term deployments can hurt. Reserve members endure separations from family, friends, and community. In the extreme, their decision to serve their country can jeopardize their civilian job security and add the burden of increased personal expenses as a direct result.

A Contribution Recognized

Reserve Component forces have won recognition as a credible and effective element of the Total Force package. Their unique core competencies enhance and enable the National Security Strategy. Through training exchanges, exercises, engineering projects, and the like, the Reserve Component has made enormous contributions. In the process, it has become indispensable to the Army, Navy, Air Force, and Marine Corps.

However, even as their accomplishments are praised, Reserve personnel and units are excluded from exercises and deployments because Active Component Commanders lack adequate funds to cover Reserve Component costs, or do not fully understand Reserve members' unique skills and capabilities.

Perhaps more disturbing is the lack of understanding and trust between the Reservists and Active members that hinders seamless integration of the Total Force. Some in the Active forces firmly believe that the Reserve Components are simply not sufficiently trained to accomplish their war time missions. At the same time, many in the Reserve Components look on their Active counterparts and advisors as incapable of understanding their unique problems, which are compounded by chronic underfunding for training and equipment modernization. Reserve personnel feel that they are evaluated by the Active Component using unrealistic standards not even enforced in the most specialized Active Component units.

These attitudes, though not representative of the majority, do deserve attention. Only when the Reserve Component becomes a full partner in the Total Force—when Reserve units are afforded commensurate training opportunities, funding, equipment, and benefits—will these attitudes be eliminated. The burden is on both Components to strive—as a fundamental principle—to integrate and validate the Total Force philosophy.

Because the missions and roles assigned to Guard and Reserve forces should and will increase, defense strategies and contingency plans must realistically reflect a fully developed and integrated force mix. As Active levels are constrained by declining budgets and drawn to a point consistent with the needs of the National Security Strategy, America's Guardmembers and Reservists will be asked to accomplish even more. President Clinton pledged to "fight to ensure the troops we send into battle are the best in the world" and in this, he said, "as we scale back our military in the aftermath of the Cold War, a strong role for the National Guard and the Reserve . . . makes more sense, not less" (*Army Reserve Special Report, 1993*).

Finally, because of the shrinking military population, fewer people have direct contact with military Service members. The significant decline in military experience of the American public and legislative members poses the risk of having an All Volunteer Force isolated from the general population, or worse, alienated. The Reserve Component historically has played (and can continue to play) a significant role in assuring a better understanding of the need for military forces and developing support for military members within the states and communities.

CONCERNS AND STRATEGIES

What will make the Total Force concept a reality? The Department of Defense must make a concerted effort to leverage effective use of the Reserve Component: integration, restructuring, support requirements, compensating leverage, awareness of and strategic rationale for using Reserve Component forces, specialized missions, personnel availability, funding (to include deployment costs), and employer support. Only then can Reserve Component forces be used effectively to relieve Active personnel and operational tempo.

- 1. Integration: The most effective Reserve Component units have strong, recurring association, cooperation, and trust with the Active Component:**

[I]ssues concerning the role of the Reserve Components, principally the employment and structure of the Army National Guard and Army Reserve, continue to be unresolved. Currently, linkages between their proposed structure and potential use in the National Military Strategy lack clear definition. We must determine how their capabilities can be best employed in any future conflict or in operations other than war and what those capabilities should be. Additionally, redundancy with the Reserve Components should be examined. While progress has been made toward improving Reserve Component readiness, the lack of concise rationale for integration of the Reserve Components with the active Army impedes the effort.— TASK FORCE ON READINESS MEMORANDUM, August 23, 1995

Concerns: Greater cooperation is required between the Active and Reserve Components to effect a seamless integration of the Total Force. Reserve units and individuals, however, should be used only when they are crucially required.

Strategy: Association, cooperation, and trust between Active and Reserve personnel will enhance the effectiveness of the Total Force. If Reserve members are to be effectively employed in more and varied roles, equality in benefits comparable to those of Active Component personnel is needed. Active and Reserve Component management systems must also be compatible.

2. Restructuring: As with Active Component forces, the Reserve Component needs to be streamlined and refocused.

Concern: As unanticipated threats to U.S. interests materialize, the *Two Major Regional Conflict* concept may be replaced by other concepts that require more mobilization capabilities; hence, the Reserve Component should be capable of deploying quickly.

Strategy: Restructure select Guard and Reserve forces to ensure that they are strategically relevant. This can be done by eliminating unnecessary redundancies and by focusing their training on valid missions. This enables them to maintain a level of professionalism and performance equal to that of Active Component forces:

During the 1994 William Tell Air-to-Air Weapons Meet at Tyndall AFB, Florida—which measures fighter units' abilities to accomplish their air-superiority and strategic defense missions—the "Top Team" unit was the 119th Fighter Group (Air National Guard) from Fargo, North Dakota. The 158th Fighter Group (Air National Guard) from Burlington, Vermont, also had first-place finishes in the Weapons Director, Maintenance, and Munitions Load Team competitions.—AIR FORCE MAGAZINE, January 1995

A return to the *Roundout* concept of the Cold War years would permit the Army to retain conventionally structured forces (divisions, brigades, and the like) and enhance the close working relationships essential to fulfilling wartime or crisis missions. Moreover, the Army

would be able to direct resources toward expanding mobile forces that are smaller, but more technologically capable of producing combat multipliers.

There is validity in the argument suggesting that the Reserve Component structure should mirror that of the Active Component, so that depth and flexibility are available to the Services—particularly the Army. For example, if the Army has armored and mechanized divisions, the National Guard should have a comparable organization reflected in the Guard. Close relationships between the Active Component and Guard units of like kind will permit Reserve Component personnel to augment Active Component units during peak operational periods.

3. **Requirements to Support the Active Component:** **The Active and the Reserve Components must plan as far in advance as possible for support to the Active Component to relieve personnel tempo.**

Concern: The specialized skills of Reserve units *and particularly highly skilled individual Reservists* are not effectively employed. This situation exists due to the accessibility of the Reserve Component. Guard and Reserve personnel are impacted by both their civilian profession and military obligation—and in the case of the National Guard, their state obligations as well. Though willing, members and units of the Reserve Component are not always accessible on short notice. However, with advance planning—and giving the Guard and Reserve overall missions to accomplish rather than the specifics of how to fulfill them—the Reserve Components and its members could become more accessible.

Strategy: The Active and Reserve Component should work closely to plan the most effective means to support active duty missions as far in advance as possible (6 months to 1 year minimum). The Air Force—the Department of Defense standard in this regard—consistently integrates Reserve units with successful results. The key to their success is that the Air Force assigns the mission, and the Air National Guard or the Air Force Reserve is given the autonomy to decide how best to accomplish the mission.

4. **Compensating Leverage:** ***Compensating leverage* is the use of Reserve forces in practical experience-gaining tasks as opposed to repetitious home-station training. Such leverage provides essential training ingredients—practical experience in realistic environments under demanding physical conditions.**

Concern: This leveraging concept can adversely affect the quality of life of Reserve members if it is not adequately planned to give timely notice to Service members so that they can maintain a cooperative, sensitive relationship with their employers and families. In many instances, Reserve members are involved in operations beyond the normal two-week period of annual training.

Strategy: The Reserve Forces Policy Board stresses the need to break the Reserve Component's iron matrix of one-weekend a month, two-week annual training for unique or special requirements. An excellent example of what may be accomplished with a little flexibility and innovation is found in the Defense Intelligence Agency. "Every Friday evening at 5 p.m. a crew of Reserve Component intelligence specialists take 24-hour responsibility for

the National Military Joint Intelligence Center until relieved by an active-duty crew the following Sunday evening." The Board continues:

Peacetime interface, operational requirements, and Reservist accessibility demands greater flexibility, the encouragement of split drills, unconventional drill times and days, and varying periods of time during which annual training can be performed.

— RESERVE FORCES POLICY BOARD, FY 1994 Report

Individual Guardsmen and Reservists with highly specialized skills should be free to fulfill duty obligations on a man-hour, rather than drill day basis. This flexibility will help smooth employer relationships and maximize effective use of scarce resources.

Administrative record-keeping and pay problems, which were obstacles to splitting drills and equivalent training in the past, can be overcome today with computerization. The Reserve Component Automation System Program concept affords an ideal mechanism to expand the Reserve Component's role in providing for seamless transition from one component to the other.

Use of the Reserve Component substantiates America's defense strategy by employing Reserve members in selected roles that provide necessary training and experience. Such employment allows Reserve units to incorporate overseas missions into their annual training and deployment plans:

What we need is a paradigm shift away from the Cold War stance of training for the sake of training to a post Cold War stance of doing more operational missions with training as an important by-product—ASSISTANT SECRETARY OF DEFENSE (RESERVE AFFAIRS)

Value can be added to the Total Force by enhancing the Individual Mobilization Augmentee Program, originally based on an Air Force concept. This program allows Selected Reserve individuals to augment Active units upon mobilization or in times of national emergencies.

The program was modified in 1994 to expand use of Individual Mobilization Augmentees, permitting Service Secretaries to authorize (case-by-case) billets required to maintain military capability that depends on specialized, technical, scientific knowledge or experience.

Department of Defense policy provides that Individual Mobilization Augmentees be trained members of the Selected Reserve. These individuals are assigned to Active Component billets that must be filled on or shortly after mobilization. They also support contingency operations and pre-post mobilization augmentation requirements. These individuals participate in training activities on a part-time basis with an Active Component organization in preparation for recall to active duty when needed.

The Services are concerned that trained Individual Mobilization Augmentees are inaccessible because of the existing policy on their use and funding. There is further concern that the term "case by case" is subject to varied interpretation, and that implementation of the program varies widely by Service.

The Office of the Assistant Secretary of Defense for Reserve Affairs (Manpower and Personnel) is conducting a study of alternatives to the current Individual Mobilization Augmentee Program. Changes will be drafted to *Department of Defense Directive 1235.11*, and the revised directive will be reviewed by the Services and the Joint Staff. Emphasis will be on making changes related to peacetime requirements.

5. Awareness of and Strategic Rationale for Reserve Component Use: Active Component leaders are not fully aware of Reserve Component capabilities and how best to employ these units and individuals.

Concern: Reserve Component awareness is not emphasized in military education.

Strategy: Newly selected Active and Reserve flag officers should be better educated on the capabilities of the Reserve Component. The Capstone Program may provide an excellent conduit.

Additionally, Service schools and war colleges should require specific courses or include more course material that relates to the Reserve Component. This would ensure that future senior leaders are aware of Guard and Reserve capabilities and the relationships between the Active Component and the Reserve Component.

The Joint Chiefs of Staff, with input from commanders in chief, should also develop alternative strategic rationales for the Reserve Component, including force structure options.

6. Specialized Missions: The Reserve Component accomplishes many specialized missions that relieve Active Component tempo. All federally supported Reserve training is focused on enhancing warfighting skills. Although Reserve units and individuals are employed in varied tasks that do not detract from the principal mission of fighting (such as local emergencies and youth-at-risk training), these activities are separately funded by the federal and state governments at no expense to the required warfighting training of Reserve Component individuals and units.

The Panel focused on three key issues in Reserve Component specialization—joint operations, drug interdiction, and medical support—which can directly relieve personnel tempo in the Active Component:

- ***Joint Operations:*** The Reserve Component must be structured to ensure that it can effectively support America's warfighting strategy.

Concern: The Reserve Component must keep pace with America's strategic emphasis on joint operations. There are currently only a few joint units in the Reserve Component.

Strategy: Reserve Component units, organized into skill packages tailored to Active Component joint mission requirements, would increase joint training opportunities and ensure a balance of skill levels appropriate for joint operations in the post-Cold War. For example, in Special Operations Command, the use of Reserve Component skill packages in joint operations is ongoing and crucial:

The use of Joint Special Operations Command Reservists is the best way to tap into skills which are difficult to maintain in the Active force. Specific professions brought to Haiti by the Reserve Component, for example, include attorneys, judges, environmental engineers, transportation specialists, bankers, financial advisors, and civil engineers. These skills proved very helpful in the countryside where Special Forces operated at the "grassroots" level.— CHIEF, SPECIAL OPERATIONS DIVISION, U.S. SPECIAL OPERATIONS COMMAND

These unique skill packages tailored to joint operations are critical if the Guard and Reserve are to contribute effectively in today's joint Total Force.

- **Drug Interdiction:** The drug-interdiction mission is one in which the National Guard can substantially reduce Active Component personnel involvement by assuming a larger role. The Task Force is aware that the National Guard, in their state role, are not subject to the statutes under *posse comitatus* as is the Active Component.

Concern: Drug-interdiction missions are an ongoing adjunct to the mission-intensive workload of the Active Component.

Strategy: Insofar as the participation by the Department of Defense is concerned, the National Guard should assume greater responsibility for the ground-based, internal U.S. War on Drugs because of their unique state mission. The personnel control, planning, training, and leadership skills practiced by Guardmembers in such programs enhances military qualities. This program not only contributes to defense strategy, but also demonstrates the ability of the Reserve Component to assume responsibility for entire military programs.

- **Medical Support:** Large numbers of skilled medical personnel in the Reserve Component can augment Active Component medical forces in the United States and abroad.

Concern: A structured program is needed to coordinate Active Component requirements (in worldwide locations) and Reserve Component capabilities. For example, the National Guard conducts physical and dental screenings in remote locations. These activities not only have political benefits, but also provide excellent training with live training aids. Both units and soldiers gain valuable experience unavailable elsewhere. This support can be expanded in all of the Services at little cost and with high payoff to the quality of life of the Active Component.

Strategy: Regenerate and fund the Key Personnel Upgrade Program to enable Reserve Component medical personnel to share the Active Component workload. Management of personnel and resources to operate this program should be centralized to control costs, transportation, orders, and the like. For many years, the Army National Guard sponsored the Key Personnel Upgrade Program (other Services and Components had similar programs with different titles), which funded the Guard to dispatch individuals or small teams for days, weeks, or months throughout the world to satisfy Active Component requirements.

- 7. Accessibility:** It is imperative that war planners are assured immediate access to the Reserve Component so that plans can be activated as soon as a crisis occurs.

Concern: Currently, it is difficult—and necessarily time consuming—to mobilize and activate Reserve Component forces. In the ever-changing global environment American forces are faced with today, certain critical skills and highly skilled individuals in the Reserve Component could enhance the capability of the Active Force to accomplish their worldwide missions. Greater accessibility of the Reserve Components would facilitate a faster and more efficient transition of Reserve forces to active duty in times of National Emergency.

Strategy: As a precedent, the Secretary of Transportation has mobilization authority to call up the Coast Guard Reserve under Title 14, Section 712, U.S. Code: Active Duty for Emergency Augmentation of Regular Forces. Section 712 provides for the emergency augmentation of Regular Coast Guard forces by ordering Coast Guard Reserve and auxiliary units or members to active duty for up to 30 days in any 4 months, and not more than 60 days in any 2-year period.

The Secretary of Defense should have similar authority to call up to 25,000 Reserve Component personnel for mobilization. With this authority, the Secretary can ensure that the war planners and warfighting CINCs will have immediate access to the critical skills of Reservists who will be available to meet worldwide crises.

Changes must be made in Title 10 and Title 32 which restrict Reserve members to no more than 180 days on active duty before being forced to return to their units, or less than 31 days to be eligible for Active component benefits. These restrictions are further complicated by varying deployment requirements placed on Reserve Component units by individual CINCs. For instance, the Panel was advised that one Major Command does not allow Air Force Reserve Component combat units to deploy into the theater for less than 90 days.

Furthermore, a disparity exists between the way each Service orders Reserve members to active duty. Title 10 authorizes the federal government to call up the Reserve Component to perform federal duties. While on Title 10 orders, regardless of the length of time, Reserve members and their families should be afforded all rights and privileges provided Active members and their families.

- 8. Funding Incentives for Overseas Deployment:** Funding incentives are crucial in encouraging the use of Reserve Component personnel and units, especially in offsetting transportation costs for overseas deployments.

Concern: Limited funding inhibits the use of Reserve units and individuals to lighten the workload of Active units in overseas locations.

Strategy: Use of Reserve personnel can be increased by initiating funding incentives (permanent Operation and Maintenance dollars under the Office of the Secretary of Defense) and asking for additional overseas host-nation support to enable Commanders-in-Chief to integrate Reserve forces into operations. Further, Reserve Component training funds should be separated from augmentation funds and allocated directly into Reserve Component accounts.

The Office of the Assistant Secretary of Defense (Reserve Affairs) suggests implementing an incentive program using money allocated by the Secretary of Defense in Fiscal Year 1996. This money could be pooled as colorless money and redeemed by Commanders-in-Chief to

cover incremental costs, thereby encouraging the use of Reserve units and individuals in Active Component missions.

9. Employer Support: Employer support for the Reserve Component is key to long term stability and effective employment of the Total Force concept.

Concern: Many employers are reluctant to support a Guardmember or a Reservist's request for military leave.

Strategy: The Assistant Secretary of Defense (Reserve Affairs) proposes that money be set aside in the Fiscal Year 1997 Quality of Life wedge for a Department of Defense contingency fund to reimburse the general treasury for the cost of an employer tax credit to employers of National Guard and Reserve employees who are called to active duty in support of a contingency.

RECOMMENDATIONS—RESERVE COMPONENT

- **Restructure the Reserve Components for the post-Cold War National Security environment.**
- **Draft changes to the Individual Mobilization Augmentee program (emphasizing peacetime requirements) in Department of Defense Directive 1235.11, or develop new programs in order to utilize the skills of individual Guardmembers and Reservists.**
- **Incorporate the concept of compensating leverage to provide Reserve Component use beyond the normal two-weeks of annual training, when possible, and allow greater flexibility in the performance of Reserve duty by specialized units.**
- **Develop alternative strategic rationales for the Reserve Component, including force structure options. Task the Department of the Army to revalidate the *Roundout* concept with a view toward restoring it as a means to improve Reserve Component readiness and strengthen the trust between Active and Reserve forces.**
- **Grant the Secretary of Defense authority to call up to 25,000 Reserve members to meet worldwide crises.**
- **Seek changes in Title 10 and Title 32 (which restrict Reserve members to no more than 180 days on active duty before being forced to return to their units, and require more than 30 days of active duty to be eligible for Active Component benefits) to ensure that Reserve members on Temporary Active Duty for less than 31 days have the same benefits (e.g., medical, disability insurance) as active-duty personnel.**
- **Direct the CINCs to standardize the deployment policies for use of Reserve Component units and personnel.**

RECOMMENDATIONS- RESERVE COMPONENT (continued)

- **Provide funding to the Joint Chiefs of Staff to promote use of Reserve personnel by increasing funding incentives (permanent Operation and Maintenance dollars at the Office of the Secretary of Defense), and develop an initiative earmarking a predetermined dollar amount for the CINCs use in designating Reserve Component units and personnel for specified missions.**
- **Separate support and augmentation funding from training resources used by the Reserve Components to conduct Active or Reserve Component training. This money should be allocated directly to Reserve Component training accounts.**
- **Regenerate the Key Personnel Upgrade Program to enable highly qualified medical and dental personnel, and Reserve members with other specialty skills, to serve with Active Component personnel of all Services.**
- **Earmark money in the Fiscal Year 1997 quality-of-life wedge for a Department of Defense contingency fund to reimburse the general treasury for the cost of an employer tax credit to employers of Guardmembers and Reservists when these employees are called to active duty in support of an operational contingency.**

CONTRACTING

*As the Army becomes smaller and more dependent on technology . . .
contract personnel will become even more important
to its readiness and success.*—THE SECRETARY OF THE ARMY

INTRODUCTION

In his tasking to the Quality of Life Task Force, the Secretary of Defense requested recommendations for ways of increasing the use of civilian contractors to alleviate some personnel tempo problems. In recent Operations Other Than War (e.g., Somalia, Rwanda, and Haiti), the Corps of Engineers, Trans-Atlantic Division, contracted for many essential support services (e.g., trash disposal, food services, and transport of water). Additionally, at Incirlik, Turkey, all base operations functions are now accomplished by contractors.

Contracting for support services within the Department of Defense has many precedents. Right after the Gulf War, civilian contractors were used extensively in Kuwait to rebuild infrastructure. In cooperation with the Corps of Engineer's Kuwait Emergency Reconstruction Office and the Defense Reconstruction Assistance Office, contractors rebuilt schools, plants, and highways; extinguished more than 700 oil-well fires; and disposed of countless land mines and pieces of unexploded ordnance.

Within financial, legal, and security constraints (and the readiness implications of contracting out an *entire* skill), personnel tempo can be significantly reduced by letting contracts in specific military and civilian functional areas, particularly in overseas locations:

More than a quarter of a million DoD employees engage in commercial-type activities that could be performed by competitively selected private companies. Experience suggests achievable cost reductions of about 20 percent. DoD should outsource essentially all wholesale-level warehousing and distribution, wholesale-level weapon system depot maintenance, property control and disposal, and incurred-cost auditing of DoD contracts. In addition, many other commercial-type activities, including those in family housing, base and facility maintenance, data processing, and others could be transferred to the private sector. Finally, DoD should rely on the private sector for all new support activities.— REPORT OF THE COMMISSION ON ROLES AND MISSIONS OF THE ARMED FORCES

Increased contractor support will also have a major impact on other quality-of-life issues. Hiring contractors overseas to replace active duty personnel would reduce housing, community, and family service requirements—in the United States as well as overseas—and would fit in with already planned reductions in active duty personnel. The Task Force identified several major corporations already providing support which gave convincing assurances of cost savings. They also said they would meet contract obligations for wartime.

CONCERNS AND STRATEGIES

1. **Host Nation Support:** Host nations should support facilities maintenance, upgrades, and employee costs—to include sharing costs for employment of foreign nationals working for the United States.

Concern: While most host-nations do provide funds in these areas, some do not—at least not to the degree required.

Strategy: If the allies derive a tangible benefit from a U.S. military presence overseas, the nations benefiting most from it should be persuaded to contribute more support. The Republic of Korea, for instance, should be urged to provide host-nation support in the form of much needed construction of barracks, family housing, and recreational facilities.

2. **Contractor Deployment:** When performing a service for the Department of Defense, a contractor takes on a unique requirement to continue to provide that service or support function in time of war.

Concern: Some critics of contractor support see contractors placing the Services at risk in supporting the Commanders-in-Chief if the contractors do not meet the full range of needs during contingencies.

Strategy: In most general contracting situations, the Defense Department should make certain that contract personnel will deploy with Active Forces if needed. From Task Force discussions with major contractors, it appears that contracts can be structured to assure deployment and retention in crises.

- 3. Zero-Sum Gains:** Personnel involved in providing contractor support for the Department of Defense can relieve personnel and operational tempo, but cannot add to the overall force structure and must be viewed as zero-sum gains.

Concern: The Task Force finds some resistance to increased use of contractors—even if they cost less than Active Forces—because it would lead to reductions in active duty end strength, cuts in civilian employees, or both.

Strategy: The Department of Defense must encourage the use of contractors to help reduce the personnel and operational tempo of both Active and Reserve Components. Contract personnel must not, however, be counted as gains to the force structure (freeing-up personnel to augment high operational tempo units).

- 4. Contracting Incentives:** The Department of Defense must create contracting incentives to encourage use of contractor personnel throughout the Services.

Concern: Incentives to the Services are needed from the Office of the Secretary of Defense to increase contractor support to help to alleviate some areas of high personnel and operations tempo.

Strategy: The Office of the Secretary of Defense could offer a *cost share* for worthwhile contractor support proposals from the Military Departments to help overcome some of the natural resistance to additional contracting. These should be fixed-price incentive contracts (as applicable) or other contract types appropriate for the services required.

Additionally, during the Program Objectives Memorandum (POM) cycle, the Office of the Secretary of Defense could offer the Military Departments a budget *plus-up* if they justify that contractor support would, in fact, lead to lower costs and reduce personnel tempo. This plus-up could help to offset any start-up costs associated with adopting contractor support.

- 5. Reserve Component Contracting:** Contracting services should be extended to cover National Guard and Reserve functions (e.g., administration and facilities management) associated with Table of Distribution and Allowances (TDA)/non-deployable units (state Headquarters and Reserve Commands).

Concern: Reductions are needed in the number of Reserve Component Civil Service employees, Military Technicians, and other personnel in non-deployable positions.

Strategy: Contracting for services previously performed by uniformed Reserve Component personnel would help reduce the tempo in Reserve Component units that are participating in support of Active Component operations.

- 6. Legislative Changes:** The Panel concurs with the proposals of the Commission on Roles and Missions concerning legislative changes to initiate some contracting options, and urges that those necessary recommendations be thoroughly examined.

RECOMMENDATIONS—CONTRACTING

- The Secretary of Defense should direct studies by the Military Departments to examine methods of increasing contractor support.
- To minimize wartime risks, *entire* skills or military core competencies should not be totally contracted out.
- The Secretary of Defense should seek additional host-nation support for facilities maintenance, upgrades, and employee costs, to include cost sharing for employment of foreign nationals working for the United States.
- The Military Departments must, in general contracting situations, ensure that contractor personnel will deploy with Active Forces should contingency needs require.
- The Military Departments must view contract personnel as a zero-sum adjunct to the base force.
- The Military Departments should design fixed-price incentive contracts (as applicable) or other contract types appropriate for the services required.
- The Office of the Secretary of Defense should provide incentives to the Services to do more with contractor support by *cost sharing* worthwhile contractor support proposals from the Military Departments to help overcome some of the natural resistance to additional contracting.
- The Military Departments should expand contracting services to National Guard and Reserve functions (such as administration, facilities management, etc.) associated with Table of Distribution and Allowances (TDA)/non-deployable units (state Headquarters and Reserve Commands).
- The Panel concurs with the proposals of the Commission on Roles and Missions concerning legislative changes to initiate some contracting options, and urges that those necessary recommendations be thoroughly examined.

CONCLUSION

The Defense Department must manage Service personnel tempo and operational tempo to achieve a right sized balance between readiness requirements and people's needs. This balance will help to keep trained, top-quality service men and women and their families in the Armed Forces. A high standard of living and reasonable personnel tempo are key parts of a good quality of life for

service men and women. Retaining these *people*—the department's most important asset—will assure the readiness of the All-Volunteer Force well into the 21st century.

CHAPTER 4 COMMUNITY AND FAMILY SERVICES

Military people stay in the service because they like being part of something special. They won't stay long, however, if families aren't treated well.

—GENERAL JOHN M. SHALIKASHVILI

Chairman of the Joint Chiefs of Staff,

May 1995

INTRODUCTION

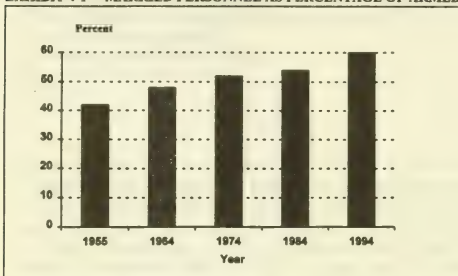
The advent of the All Volunteer Force in the early 1970s changed the basic make-up of the Armed Forces by changing young people's reasons for enlisting. No longer would it be largely a force of short-term enlistees, who viewed military service at best as a period of patriotic duty to the Nation and at worst a waste of time. New recruits would be encouraged to believe they were embarking on an enlistment that would be professionally worthwhile, rewarding and should the services so agree, a military career. The Gates Report, in 1970, stated that "the viability of an all volunteer force ultimately depends upon . . . [the ability of] the military services to maintain . . . [the] attractive conditions of military service." To sustain high levels of readiness in an increasingly complex combat environment demands the retention of the best qualified Service members. The Services would therefore have to address the quality of life of their members. Immediate attention was directed toward pay, housing and community and family services.

Through the 1980s and early 1990s, the Services did in fact attract and retain highly qualified individuals. Today, however, young adults are less interested in the Armed Forces and less likely to enlist, according to recent data. They are going to college, or as opportunities for civilian employment expand, taking jobs other than those relating to military service. Unless the Services act now to enhance the quality of military life, they may soon be unable to attract and retain enough volunteers.

With this background in mind, the Community and Family Services Subpanel members visited more than 25 installations and spoke to hundreds of Service members and spouses. They examined five areas or "baskets" during their review of quality of life issues: child care; family support programs, educational services; morale, welfare and recreational programs; and transportation services. A section of this chapter is devoted to each group of issues. A sixth group, "Other Issues," addresses an assortment of organizational and policy concerns.

Background

The mission of the U.S. military today is the same as it always has been: *to maintain the peace and, when required, fight and win the Nation's wars*. U.S. military personnel are motivated and dedicated and, when they know their families are being adequately cared for, they can concentrate on their jobs and accomplish their missions. As one Air Force sergeant said during a site visit in Germany: "Sir, we are ready to go anywhere as long as you take care of our families." In recent years service personnel have experienced great change during transition and drawdown and, in many career areas, unprecedented deployment demands.

EXHIBIT 4-1 MARRIED PERSONNEL AS PERCENTAGE OF ARMED FORCES

Source: Defense Manpower Data Center, 1994.

The Services, therefore, are perhaps more obligated today than ever before to ensure the care of their Service families.

The demographics of the military have changed since the establishment of the All Volunteer Force in 1972. More Service members are married today than ever before in the history of the Armed Forces (see Exhibit 4-1).

Each new generation of Americans entering the military has mirrored the changes in U.S. society. Women are more integrated into the military, filling roles unimagined a generation ago. The single military parent, a rare phenomenon 30 years ago, is much more common today (5.7 percent of Army personnel; 4.3 percent of Marines). Like corporate America, the Services have devoted more resources toward quality of life issues. Child care services, family programs, tuition assistance and many other programs have been initiated to keep up with shifting needs and desires of Service members. These programs have preserved readiness by playing a key role in recruiting and retaining quality personnel.

In addition more military spouses today work (about 65 percent) and many families find both spouses must work in order to make ends meet. As traditional roles, personal expectations and force demographics have changed, the need for Community and Family Services has grown.

Current Environment

To improve its quality of life programs, the Defense Department should review its regulations and come up with new ideas and new ways to apply them. As the Task Force gathered data during site visits, members made several overarching observations that framed their assessments. These observations reflect challenges the department has to confront to stay responsive to today's realities.

The force drawdown has been a source of uncertainty and anxiety for military personnel, but it is nearing completion. *The Task Force finds* that the present moment offers an excellent opportunity to plan and allocate resources, now that the size, shape and permanent location of the forces have been clarified.

As a result of base closures, unit realignments and organizational consolidations, many military installations have changed significantly. Some have grown rapidly while installations scheduled to close or be realigned have displaced thousands of families. In this environment, innovative community and family service programs assume unprecedented importance. Yet child development centers, fitness centers and other morale, welfare and recreational activities and family programs are subject to a number of systemic constraints.

Base commanders and program managers report particular frustration concerning budget rules and the use of appropriated funds to cover Non-appropriated Fund Instrumentality manpower and program costs. These rules adversely affect all community and family services.

One such issue, *full time equivalency limits* (a ceiling on the number of man-years an agency is authorized) may be resolved by Congress. The proposed Defense Authorization Act for Fiscal Year 1996 would prohibit the use of full-time equivalent personnel ceilings in the management of the department's civilian work force. This would enable installation commanders to manage quality of life programs more effectively. Specifically, commanders would not be restricted by numerical manpower constraints and could hire required help when funds are available. Historically, appropriated funds were used to reimburse non-appropriated expenses, such as staffing for recreational and child care centers. However, this practice was terminated by Congress in 1991 after the Defense Department failed to issue uniform guidance to the Service branches.

Today, appropriated funds may not be used to reimburse non-appropriated salaries. This budgetary limitation, coupled with the civil service manpower ceilings, has diminished management flexibility. Installation commanders and military leadership have repeatedly asked for the reinstatement of *appropriated fund reimbursement* (now referred to as Enhanced Support Practice) and relief from full-time equivalency limits. Both the House and the Senate have approved language that will lift these restrictions. If enacted, this should consistently allow some programs, especially morale, welfare and recreation, and child care to spend all their allocated manpower funds.

These changes require no new money. They enable commanding officers properly to execute their funding, thus maximizing quality of life services.

VISION, STRATEGIES AND GOALS

With these observations in mind, Task Force members confirmed the need for new perspectives to shape efficient and effective community and family services programs.

A full range of services that are available, affordable, equitable, and accessible to Service members and their families must also be tailored to recipients' needs. A fivefold strategy should be followed for the delivery of these services:

- Determine the true need. Validate departmental goals and requirements to ensure they represent the level and type of service wanted in the field.
- Develop methods to measure program effectiveness. Community and Family Service programs are in direct fiscal competition with operational, training and capitalization needs,

as well as other quality of life areas. The ability to measure program effectiveness will be critical to ensure consistent, appropriate funding.

- Balance the use of public and private resources. Select a balance of government and private resources that offers the most efficient, effective means of delivering desired services and seek partnerships with civilian communities and agencies.
- Seek legislative changes. In some areas, legislative change will be needed to provide budget and manpower flexibility to best meet quality of life requirements.
- Sustain funding. Sustain funding to ensure coherent programs.

Child Care

The military family is quite different today from what it was a generation ago, as is society at large. With about two-thirds of military spouses gainfully employed outside the home—most of them full time—many children need non-parental daycare. Parents want and need this care to be safe, affordable, convenient and of high quality.

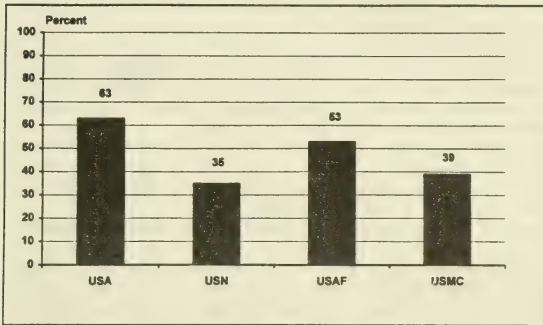
Background

Active duty Service members have approximately 1 million children younger than 12 years of age, most of them needing some form of care. Programs offered include child development centers, family child care, private day care referrals, school-age care and military youth programs. For some families these programs are the only source of child care.

Since the All Volunteer Force began, the number of dependent preschool children in the Services has steadily grown, reaching more than 575,000 in December 1994. The development of child care programs, however, lagged in the 1970s and 1980s, despite an early warning (1982) from the General Accounting Office in its report, *Military Child Care: Progress Made, More Needed*. Subsequent departmental reviews and the Military Child Care Act of 1989 required periodic reports on progress in this area.

Both single parents and dual military couples with children rely on some sort of child care. Child care is considered a Category B (Basic Community Support) Morale, Welfare and Recreation program. *Department of Defense Instruction 6060.2* stipulates that Child Development Programs exist to “assist commanders and families in balancing the competing demands of family life and the military mission.” Of the population served, 81 percent of Service preschoolers live in families where only one parent is on active duty but both work full time. Dual military couples represent 9 percent. The Defense Department provides child care at 346 locations with 155,311 spaces.

EXHIBIT 4-2 SUPPORT PROVIDED BY SERVICE AS PERCENTAGE OF CALCULATED NEED (July 1995)



Source: Office of the Assistant Secretary of Defense.

Child care, a Morale, Welfare and Recreation program, receives substantial appropriated fund support—at least equal to the amount of collected user fees. The Fiscal Year 1995 departmental outlay of appropriated funds was \$260 million. User fees, set by the Defense Department, are based on income.

Issues

Most issues affecting the quality, quantity and cost of providing child care affect all Services and locations.

ISSUE 1: THE DEMAND FOR CHILD CARE

Service members identified child care as a top concern during installation visits by Task Force members. The waiting lists for available child care showed that demand far exceeds supply, 143,967 spaces short, according to Office of the Assistant Secretary of Defense briefing sheet, July 1995.

DISCUSSION: Military child care programs provide about 52 percent (299,278 spaces) of the estimated requirement in Child Development Centers, Family Child Care homes and School Age Care programs. The department calculates the need for child care spaces on the number of dependent children under 12 years of age whose parents work outside the home, and who, based on statistics, may need some type of child care. The department's aim is to meet 65 percent of

the demand by Fiscal Year 1997 and 80 percent by Fiscal Year 1999. Exhibit 4-2 shows the current child care spaces provided by Service in relation to the spaces needed.

The Military Child Care Act of 1989 charged the Defense Department with enhancing the family unit's economic viability by improving the quality and accessibility of care. The department has made big improvements in child care since 1989 and is recognized for high quality by the majority of users. Further planned improvements include: increasing the number of spaces in Child Development Centers; expanding the use of Family Home Care and improving the subsidy; enlarging care options, including off base; continuing military construction and improving management of waiting lists and demand.

Child care needs are met through a combination of full-time developmental care, part-time hourly care and school age care programs. Changes in demand make flexibility in these programs critical. Although installation commanders have the necessary program authority to address child care needs, they often do not have the financial resources. Therefore, it is important to maximize current resources by accurately assessing needs and educating users about available services.

The formula for computing child care needs involves estimating "the number of dependent children age 0-12 whose parents work outside the home and who may need child care." However, the *Task Force finds* that this formula may underestimate the number of working spouses. Specifically, this formula may be too limited in scope and may overlook unique local situations. This is especially true for child care programs serving more than one installation (e.g., Alaska and Okinawa.)

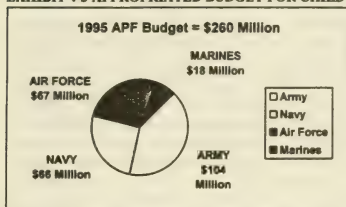
RECOMMENDATION 1. Ensure the formula for calculating child care need is current and reflects the local situation; sustain appropriated funding for child care programs; and educate unit commanders and families thoroughly regarding child care services offered, especially the use of family child care providers.

ISSUE 2: THE COST OF QUALITY CHILD CARE

Task Force members were repeatedly told the cost of providing child care is too high. Child care, especially infant care, is labor intensive. Center operations, curriculum management, administration and professional education also affect cost.

DISCUSSION: Appropriated fund subsidies provide about half the operating costs of child development centers; fees collected from parents provide the other half. Fiscal Year 1995 appropriated budgets provided \$260 million for child care (Exhibit 4-3).

Appropriated funding support is critical to meet departmental goals for child care and since 1989, the Services have had to increase appropriated fund outlays steadily to meet their goals.

EXHIBIT 4-3 APPROPRIATED BUDGET FOR CHILD CARE, BY SERVICE, FISCAL YEAR 1995

Note: Includes Child Development Centers, Family Child Care and School Age Care.

In Fiscal Year 1995, the cost per space in child development centers was \$6,200, split between parents and the department. Budget shortfalls have historically been eliminated by using non-appropriated fund subsidies. However, in recent years, Congress and the department have insisted that the Services reduce the amount of non-appropriated fund subsidies. Exhibit 4-4 provides a history of non-appropriated subsidies for child care:

EXHIBIT 4-4 ALL CHILD DEVELOPMENT PROGRAMS NON-APPROPRIATED FUND SUBSIDY (\$ million)

Service	FY90	FY91	FY92	FY93	FY94	June 95
Army	8.4	13.4	24.6	17.0	5.0	1.8
Navy	4.3	0.0	4.1	3.2	.4	0.0
Air Force	(3.4 ^a)	6.0	6.7	4.7	1.3	(.427 ^a)
Marines	1.3	1.1	2.1	1.5	0.0	0.0
Total	10.6	20.5	37.5	26.4	6.7	1.8

Source: OASD.

a. (...) = profit, i.e., fees collected exceeded operational costs.

Source: Office of the Assistant Secretary of Defense.

Many people are unaware that non-appropriated fund subsidies provide a minimal part of child care funding. In the field, the misperception persists that non-appropriated funds generated by the base bowling alley pay for the child care center at the expense of services for the single soldier.

As stated earlier, child care programs are labor intensive and manpower costs are the biggest part of child care budgets. Cost studies have shown that if the developmental aspect of day care was deleted and day care returned to a non-developmental program as in the 1970s, costs would be reduced by only 8 percent to 10 percent. Staff-to-child ratios, which vary with different age

groups, are the key drivers of labor costs. For example, infant care requires 1 care provider for every 4 infants; whereas 3 to 5 year olds require 1 provider for every 12 children.

The Military Child Care Act required the Department of Defense to adopt national standards for professional staffing and safety. Its standards today are much like those used to run any other well organized, professionally staffed, commercial day care center. Its staff-to-child ratios mirror the collective norm in state regulations. However, trying to expand their child care programs, commanders often run into manpower ceilings and budget limitations. Specifically, because civilian manpower is capped by "man-years" and rules concerning full-time equivalency, a commander may be unable to hire staff for additional child care, regardless of need. In addition, rules concerning the use of appropriated funds to reimburse non-appropriated funded organizations often stifle creative solutions to local problems.

RECOMMENDATION 2: Seek relief from manpower Full Time Equivalency rules for child care programs and reinstate the practice of reimbursing child care programs with appropriated funds.

ISSUE 3: HOURLY CARE

Hourly care is child care provided to parents who need short-term services from time to time. Task Force members heard a great deal about the lack of hourly care. Current policy dictates that Child Development Centers should address hourly care needs "whenever possible."

DISCUSSION: Parents need hourly child care for many reasons including employment, emergencies, medical appointments, shopping, volunteer work and parental respite. Programs have addressed needs through a combination of spaces in Child Development Centers and the placement of children with in-home Family Child Care providers. Because hourly care is not a "constant" in the formula for predicting child care needs, allocating resources to meet hourly demand is difficult. Often program managers must make tough decisions concerning the resources they dedicate for hourly care in a Child Development Center and the amount they subsidize Family Child Care providers.

To get a better idea of the need for hourly care, the department tasked the Services with a survey of the current hourly care environment. Some 268 Child Care Programs were surveyed from mid-June 1995 through mid-July 1995. Preliminary results have proven interesting:

- Some 48,307 requests for hourly care were received during the survey period; 93 percent (45,014) of the requests were filled.
- The most common placement was in Child Development Centers: the Army 82 percent; the Air Force 97 percent; the Navy 93 percent and the Marines 92 percent.
- Of the 7 percent who did not receive care, nearly one third were offered care and refused it.

This survey suggests that sufficient hourly care is available throughout the Services. However, its methodology may have been flawed for it relied on "requests" for child care. Some

parents may not have contacted the Child Development Center for care, assuming space limitations. The timing of this survey may also have affected its outcome since it was completed in the summer when both college and high school students are readily available for child sitting.

RECOMMENDATION 3: Establish a requirement for a periodic survey and analysis of hourly care using a methodology that encompasses the entire parental population. Use the findings to: educate installation commanders on their existing options to meet hourly care needs including the use of subsidies for Family Child Care providers and referral to other agencies; encourage installations to coordinate hourly care scheduling with the medical facility appointments desk; and develop a model program with Defense Department seed money for installations seeking innovative ways to satisfy demand for hourly care.

ISSUE 4: CONTRACTING CHILD CARE

In September 1994, Congress directed the Defense Department to investigate child care alternatives that would provide "appropriate services" at lower cost (Fiscal Year 1995 Appropriations language). Congress stated that it was aware of private sector proposals that would obviate, or reduce, the need to build new military Child Development Centers. Congress referred to a Navy initiative at Barbers Point Naval Air Station, Hawaii.

The Navy is acting as the department's executive agent to test a program of child care services under private contract. Two contracts will be awarded in Fiscal Year 1996 for demonstration projects at Norfolk, Virginia, and Oahu, Hawaii. The initiative will be expanded to: Jacksonville, Florida; Seattle, Washington; and San Diego, California. Families whose children are placed in these civilian centers will pay the same rates they would be charged at a Navy Child Development Center. The Navy will pay the difference if actual fees exceed normal DoD rates.

Contracting for child care services may reduce costs, but some realities may present significant obstacles. First, there may be too few qualified companies to meet demand, especially for infant care. Second, increased demand may place stress on local communities as the military takes over a finite number of qualified child services. Finally, corporate experiences with downsizing suggest caution before replacing one set of management problems (manpower and facilities) with another (contracting for human services).

RECOMMENDATION 4: The Defense Department should share its evaluation of the results of the Navy demonstration project with the other Services. If contract services prove effective and cost effective, the Services should switch to contract service where practical and economic. In addition, child care partnerships are sometimes available with such organizations as the Armed Services Young Man's Christian Association (See "Other Issue 4").

Family Support Programs

Family Support Programs are another outgrowth of the changing demographics within the Department of Defense. The stress that families experience during military service is unique. Frequent relocation, separation and other circumstances generate uncertainty, anxiety and fear. To help families cope with the rigors of military life, the Services instituted Family Support Programs.

Background

Family Support Programs assist in relocation, parenting, spousal employment, personal financial management, counseling and other services. Generally speaking, Family Support Programs are well received by the military community and provide much needed support and assistance not only to families but to the single Service members as well. However, the Task Force did identify certain issues that need to be addressed if the Services are to remain responsive to needs.

ISSUE 1: PERSONAL FINANCIAL MANAGEMENT PROGRAMS

Department of Defense *Instruction 1342.22* directs that Personal Financial Management Programs become a core requirement for all Department of Defense Family Centers. Personal Financial Management Programs generally include: consumer education, advice and assistance on budgeting and debt liquidation, retirement planning, saving and investment counseling, and income tax preparation assistance.

The quality of Personal Financial Management Programs varies widely; but the need for such services remains constant and urgent. From the standpoint of order and discipline, financial mismanagement by military personnel is a serious problem for the Department of Defense. The following reports are telling:

- *Bad checks.* In Fiscal Year 1994, 408,000 checks were returned for insufficient funds totaling \$34,584,000, Headquarters, Army/Air Force Exchange Service reports. Every month the Norfolk Navy Exchange reports \$340,000 worth of bad checks.
- *"Major concern."* Financial problems, especially among the junior enlisted, were identified by the Air Force First Term Study and the Community Needs Assessment.
- *"Most frequent counseling problem."* Financial difficulties were reported as the most frequent counseling problem in a 1995 Air Force survey of Commanders and First Sergeants.
- *Bankruptcies.* Sailors in Jacksonville, Florida and San Diego, California were filing for bankruptcy more often than the civilian population, according to *A Statistical Analysis of Active Duty Bankruptcies*, a Masters Thesis at the Navy Postgraduate school (1991). The

Family Service Center in Norfolk, Virginia estimates that 800 bankruptcies are filed a year by its Service members.

- *Financial irresponsibility.* Denial of security clearance can be based on financial irresponsibility.

Most Family Centers have a "full-time" staff member responsible for Personal Financial Management Programs, but some are only part time. Other centers utilize volunteers.

A good financial counselor needs proficiency in many areas of personal finance, including budgeting, checkbook maintenance, debt reduction, consumer protection and credit issues. The quality of Personal Financial Management Programs varies considerably from installation to installation, because not every "counselor" has the necessary skills.

Personal Financial Management education is not required of Service members until they get into difficulties. Thus, the program is reactive, rather than proactive. To correct this, *the Task Force finds* that the focus of counseling should change to preventive action as an enhancement to family functioning.

RECOMMENDATION 1: The Department of Defense should implement an effective, proactive personal financial management program within its Family Centers. The program must use qualified counselors and should be uniformly available during basic training and at the Service members' first permanent duty station. The Services should mandate education of all troops on basic money and credit management; commanding officers and senior enlisted personnel should ensure compliance; and spousal participation should be encouraged.

ISSUE 2: CONNECTIVITY BETWEEN FAMILY SERVICE CENTERS

Military Family Centers provide a variety of services to clients worldwide. Public Law 101-189 required the Department of Defense to establish an automated relocation information system. This legislation directed the system be interactive and networked throughout the department to ensure two-way communication.

DISCUSSION: Site visits and interviews revealed that the system, inclusive of the Standard Installation Topic Exchange Service and the Defense Information Systems Network, is difficult to operate because of telecommunication connectivity problems. Also, the information in the Standard Installation Topic Exchange is only updated quarterly.

A truly responsive and integrated system should possess at least three attributes. First, it should permit rapid inter-Service data transmission to support family requests in emergencies. For example, information regarding the evacuation of family members from Clark Air Base after the eruption of Mount Pinatubo was processed quickly using the Air Force FAMNET system when operational networks were overloaded. Second, it should provide easy interactive access to all military installations worldwide for use during reassignments. This would permit, for example, an Air Force member to communicate directly with his or her Army sponsor when preparing to move to a joint assignment. Third, it should protect privacy when sensitive or

personal family information is transmitted to counselors, chaplains or mental health professionals. This would help to ensure seamless treatment during relocation.

RECOMMENDATION 2: Select standard, inexpensive and user friendly communication systems capable of interconnecting among all Services. The systems must meet Family Center functional, accessibility, customer service, training and security requirements. They must also have an electronic mail capability so that Family Centers can dialogue and share information.

ISSUE 3: FAMILY ADVOCACY PROGRAMS

The Defense Department Family Advocacy program was designed to prevent, identify and treat family violence. Initiated in the 1970s, it was a response to a report by the General Accounting Office calling for improved child abuse and neglect programs. The department has a full range of staff at Family Centers and medical treatment facilities that can assist in these cases.

DISCUSSION: The program identified 28,020 substantiated cases of family violence in 1994. However, field interviews revealed military families often have a negative perception of the Family Advocacy Program.

Based on these observations, *the Task Force concluded* that, like Personnel Financial Management Programs, Family Advocacy needs to be more proactive. Initiatives currently underway, such as the New Parent Support programs within the Navy and Marine Corps, should be highlighted and continued. By offering support and assistance early, before problems begin, Family Advocacy can reduce the stigma currently associated with the program.

RECOMMENDATION 3: The Family Advocacy program within the Department of Defense should place greater emphasis on prevention to include resources. Programs should attempt to educate those who may be at-risk to reach families residing outside the boundaries of the military installations and to interact with military families before problems arise. Commanders should encourage participation by highlighting prevention efforts and should work to erase the perception that the Family Advocacy program is punitive.

ISSUE 4: SPOUSAL EMPLOYMENT

Family Centers operate employment programs to help civilian spouses find compatible work. These programs are often used during the transition between duty stations.

DISCUSSION: During several town meetings, military spouses expressed considerable dissatisfaction with spousal employment opportunities in the CONUS and particularly overseas. Although adequate Civil Service rules are in place concerning spousal preferences, opportunities for such work are extremely limited. In Italy, for example, the Status of Forces Agreement regulates the hiring of foreign nationals and limits an installation commander's hiring choices. Military spouses are often precluded by these agreements from taking jobs. Additionally,

civilian full-time equivalency ceilings further restrict commanders from offering employment even if they have funds to cover it.

Without relief to these hiring impediments, commanders are limited in offering employment opportunities to spouses overseas. *The Task Force finds* that altering employment ceilings would address some of the concerns voiced regarding the staffing of Morale, Welfare and Recreation facilities.

RECOMMENDATION 4: Seek relief from manpower Full Time Equivalency rules to allow additional hiring. The Defense Department needs to ensure adequate training for spousal employment counselors.

ISSUE 5: WOMAN, INFANTS, AND CHILDREN PROGRAM OVERSEAS

The Department of Agriculture administers the Women, Infants, and Children program (WIC). This program is a health, nutrition and education program for low-income families. Most important, it provides vouchers for infant formula and nutritious foods. At town meetings overseas, military families complained that this program was not available.

DISCUSSION: Eligibility for this program is based on gross family income and nutritional need; most families in grade E-4 and below are eligible. In Fiscal Year 1994, stateside Defense Commissaries redeemed \$16.7 million in Women, Infants, and Children vouchers.

The benefit of the program to junior enlisted families is significant. These families understand the program and often use these benefits. However, under current guidelines, the Agriculture Department is not administering the program overseas. Agriculture disagrees with the clause in the Defense Authorization Act stating that "the Secretary of Agriculture shall make available to the Secretary of Defense . . . the same payments and commodities as are made for the special supplemental food program in the United States under the Child Nutrition Act of 1966" (which instituted the Women, Infants, and Children program).

The Task Force finds that the funding of this program for overseas families is the Agriculture Department's responsibility. The current system is not equitable and penalizes military families serving outside the United States. The Defense Department Office of Family Policy estimates that about 11,000 overseas families are eligible but denied this benefit—valued at approximately \$4.8 million. Eligible military families are entitled to program benefits no matter where they serve. The inequity of the current system should be rectified.

RECOMMENDATION 5: The Secretary of Defense and Secretary of Agriculture should take measures to ensure that program eligible military families living overseas receive their entitlement.

ISSUE 6: RESERVE COMPONENT CHAPLAINS

An increased chaplain presence is needed at most military installations to minister to families.

DISCUSSION: In general, chaplain strength is based on the authorized numbers of military personnel at the installation—not the number of family members. Consequently, an installation seldom has a sufficient number of chaplains to counsel families. The use of Reserve forces chaplains could be beneficial.

RECOMMENDATION 6: The Department of Defense should investigate greater use of Reserve Component chaplains for ministry to Service members and families.

EDUCATIONAL SERVICES

Training and education opportunities are most frequently cited by survey respondents for enlistment. According to the 1993 Youth Attitude Tracking Survey, educational benefits were identified by 28 percent of men as the primary reason for enlisting; whereas 29 percent of women identified educational benefits as the primary reason. Respectively, job training was identified 25 percent and 15 percent of the time.

A well-educated and trained force enhances performance, and educational opportunities aid in retention. Similarly such opportunities motivate Service members, increase their self-confidence, and positively affect their "quality of life."

The issues, comments, and recommendations in this section focus on four areas: Tuition Assistance programs; Distance Learning; college credit for military training; and the Impact Aid Program which affects the education of military children. These areas are indicative of the emotional tone found by the *Task Force* at town meetings and reflect perceived inequities between the Services. *The Task Force identified* measures that could improve the way the Department of Defense operates these programs.

ISSUE 1: TUITION ASSISTANCE

Tuition Assistance programs are a very effective recruiting incentive; however, because of limited funding and a dynamic personnel tempo, many Service members cannot use their educational benefits once on active duty. Differences in funding and credit-hour authorizations among the Services compound frustrations.

EXHIBIT 4-5 UNDERGRADUATE TUITION ASSISTANCE PROGRAMS WITHIN DOD

Service	Policy and limits	FY95 budget (\$ million)	Per capita cost (\$)
Army	75 percent reimbursement up to maximum of \$60/\$85 per credit hour (higher rate for upper level courses).	34	66
Navy	75 percent reimbursement up to maximum of \$125 per credit hour, or \$285 per course.	25	55
Air Force	75 percent reimbursement up to maximum of \$250 per credit hour. No limit on courses; however, no more than 15 hours per week.	60	149
Marines	75 percent reimbursement not to exceed \$2150 per Fiscal Year.	9.6	55

Source: Service Program Managers.

Differences between tuition assistance benefits offered by the Services is a key disincentive in the minds of the troops (see Exhibit 4-5). For example, the Army has a limit of \$60 to \$85 dollars per credit hour, the Air Force \$250 and the Navy \$125. *The Task Force finds* that tuition assistance reimbursement levels should be standardized throughout the Department of Defense.

RECOMMENDATION 1: The reimbursement rates for tuition assistance programs should be standardized within the Defense Department. Differences in program operations should not produce inequities in reimbursement provided to military members.

ISSUE 2: DISTANCE LEARNING

Another issue deserving increased priority is *distance learning*, learning programs for deployed Service members. An excessive personnel tempo (e.g., deployments, long hours or other operational requirements) curtails too many Service members' educational opportunities. Thus, large numbers of Service members are frustrated in their desire to pursue additional education. These educational programs cover the spectrum from associate degrees to graduate work.

DISCUSSION: The Services have some Distance Learning initiatives in place that should be expanded, *the Task Force finds*. The Army's Distance Learning Program uses emerging technologies, such as video teletraining and CD-ROM, to deliver "cost effective standardized training to soldiers and units at the right place and the right time." This program is being used by the Army in the Sinai.

Similarly, the Navy's Program for Afloat College Education (PACE) is a contracted program that serves deployed ships and remote sites overseas using both electronic technology and live instructors. Future plans for this program include serving 10 landbased remote sites by the end of Fiscal Year 1996. A Program for an Afloat College Education site costs between

\$12,000 and \$15,000 to establish and enroll the first 10 students. Additional students cost between \$300 and \$500 each depending on curriculum. With a focus on undergraduate education, this program supported almost 21,000 sailors in Fiscal Year 1995 and was funded at \$7.8 million.

RECOMMENDATION 2: The Defense Department should encourage Distance Learning programs and explore opportunities to expand successful programs.

ISSUE 3: COMMUNITY COLLEGE FOR THE ARMED FORCES

The Task Force evaluated the community college concept as a way to emphasize education efforts that are directly related to the individual's contribution to the military mission. One possible approach would be similar to the Community College of the Air Force (CCAF) which has been offering Associate Degrees in Applied Science to the enlisted force since 1973.

DISCUSSION: The Community College of the Air Force is designed to meet the needs of the All Volunteer Force and assist enlisted personnel in their military professional development. The mission of the college is to offer degrees that enhance mission readiness and provide recruiting incentives. This program is a voluntary, off-duty educational program that combines civilian course work with professional military education. In 1994, it conferred more than 11,000 associate degrees.

Course work consists of 64 semester hours of technical education, general undergraduate studies and program electives. Many of the credit hours are transferred from civilian institutions while the remainder are granted by military professional and technical training. Active duty promotion results show that Community College of the Air Force participants are twice as likely to advance as non-participants.

The benefit of the Community College of the Air Force is not just to the individual receiving course work. Senior enlisted supervisors believe the program is important in developing professional Non-Commissioned Officers. And supervisors identify graduates as "producing higher quality work, possessing better written and oral communication skills, and being more supportive of their unit." Further, Community College of the Air Force graduates display stronger allegiance to the Air Force mission.

According to officials of the Community College of the Air Force, program administration costs about \$10 per student (not counting the salaries of the airmen enrolled). This estimate is based on the annual cost of administering the program (\$4 million) for 400,000 Air Force personnel (including eligible Reservists and Air National Guard).

The Community College of the Air Force is offered as an example of the kind of program the Task Force supports which links military training and an associated degree. Part of the strength of the program is that it is inclusive of the entire enlisted population and underscores the value of military training as well as a degree.

RECOMMENDATION 3: The Department of Defense should support associate degree programs that grant credit for military training.

ISSUE 4: IMPACT AID

The Federal Impact Aid program, administered by the Department of Education, is underfunded nationwide and is a continual source of concern for local school districts and military families.

DISCUSSION: The program compensates public school districts, including those serving military installations where residents are exempt from school tax (property tax). The program serves about 1.7 million students, 548,000 of them Defense Department related.

Over the past two years the Defense Department has provided supplemental Impact Aid funding directly to local districts heavily affected by a military population. However, the program is a Department of Education responsibility.

The Task Force finds that military families are fully aware of the Impact Aid Program and its intent. Families believe Impact Aid not only assists the districts they are forced to use but also helps to ensure that local districts address the needs of the military child. They are concerned that funds earmarked for their children's education are under attack.

Children for whom school districts are reimbursed are divided into two categories: "A" children who live on federal property; and "B" children who live in the community but remain in the district only for the Service member's tour of duty. The first category is reimbursed at a higher rate.

Funding the program to include all Defense Department children in both categories, would cost an estimated \$900 million a year. The Fiscal Year 1994 Impact Aid apportionment for military children was only \$350 million. Additionally, the Department of Defense provided only \$48 million in "Supplemental Aid."

Funding for Impact Aid is established by using an intricate formula and involves a complex application process. The complexities of this process have hindered program administration.

These issues are illustrated most dramatically in small school districts affected by a military installation. For example, this year the Tinton Falls Board of Education began exploring legal options to reclaim the non-reimbursed expense associated with providing education for 350 new students absorbed from Naval Weapons Station Earle, New Jersey. Since their Impact Aid allotment was inadequate, Tinton Falls is considering two options: the annexation of other communities to raise funds; or forcing the children from the Naval Weapons Station to attend school in another district. Other jurisdictions are threatening adverse actions if this matter is not resolved.

Legislative support is tepid, but military families believe Impact Aid is critical to ensuring the best possible education for their children and that if Impact Aid is not funded, their children's needs are not valued.

RECOMMENDATION 4: The Department of Defense should become a strong advocate for continued funding of Impact Aid.

Morale, Welfare And Recreation

The variety, quality, and availability of Morale, Welfare and Recreation programs within the Department of Defense has substantial impact on the well being and morale of the single Service member as well as Service members with families. Considering the inherent rigors of Service life, emphasis on strong Morale, Welfare and Recreation programs is crucial.

Background

Morale, Welfare and Recreation programs have historically focused on providing "healthy diversions" for what was largely a single force by emphasizing the use of gymnasiums, recreation centers and clubs. The increase in married personnel and Service members with children should in no way weaken this traditional emphasis. Although a variety of other functions have been added to Welfare and Recreation programs over the years, *the Task Force finds* that core services that benefit single, junior enlisted personnel are extremely important and must be emphasized.

Dr. E. W. Kerce's 1995 study of the quality of life in the Marine Corps identified the junior enlisted population as the least satisfied with their overall quality of life and leisure activities. "Working out" was found to be second only to "listening to music" as their preferred leisure-time activity. The study further found disaffection with their quality of life affected job performance, personal readiness and retention.

ISSUE 1: FACILITY SHORTFALLS

There are too few quality fitness centers on Department of Defense installations, despite their importance to quality of life in general and to single, junior enlisted personnel in particular. Serious long-term solutions will require additional funding and possible rearrangement of priorities for funding existing programs.

DISCUSSION: Despite declining budgets, quality of life should be enhanced for the largest population possible. Two main obstacles to this goal are the limitations in Military Construction, and Operations and Maintenance funding. The Task Force saw many old, cramped, inconveniently located and poorly equipped fitness centers. Commanders complained that funding to operate and upgrade these facilities was inadequate.

Even more striking were the facilities seen on amphibious ships. Marines and sailors complained about outdated and broken equipment.

The Task Force finds that fitness centers encourage positive individual values, aid in personnel recruitment and retention, and directly benefit mission readiness and productivity. Improving fitness centers is especially critical to the satisfaction of single, junior enlisted Service members.

RECOMMENDATION 1: Action should be taken to ensure that high-quality fitness centers are available to all Service members and their families, with the needs of single, junior enlisted personnel being paramount. This action will entail: providing funding to build additional, and upgrade existing, fitness centers; locating fitness centers where they

are most needed (i.e., ships, deployment sites, barracks, etc.) and where they are most accessible to single, junior enlisted personnel; extending their open hours, and promoting their use. Ensure that adequate funds are directed to afloat facilities as well.

ISSUE 2: STAFF SHORTFALLS

Fitness centers are category A, mission-essential activities. Department of Defense policy directs that they be operated with appropriated funds.

DISCUSSION: Because of limited appropriated funding, many fitness centers are operated with the assistance of military personnel who are taken from other duties. Other personnel are paid with non-appropriated funds. With the increased emphasis on the use of fitness centers staffing problems are likely to grow.

RECOMMENDATION 2: Re-engineer the operation of fitness centers to maximize the productive, efficient use of manpower resources. Adopt enhanced support practices; minimize the use of active duty military personnel who have other primary responsibilities.

ISSUE 3. YOUTH SERVICES

Installation programs for military youth, ages 6 to 18, have emphasized sports, recreation, classes and social activities such as dances.

DISCUSSION: The department has broadened these programs to include a focus on at-risk behaviors, social issues and prevention programs. This initiative is in response to a perceived increase in youth violence, "gang-related" behavior and other problems some youth have in functioning and adjusting.

Together, Youth Activities, Youth Athletics, and Youth Employment programs provide young people with an array of meaningful experiences as they make the transition to adulthood. At town meetings, the Task Force heard many comments regarding the need for improved employment opportunities for youth, especially during summer months. These comments correspond to a 1993 survey of Army and Air Force teens that identified employment as a major need. Nonetheless, employment opportunities for young people have diminished considerably. Full-time equivalency limits and reduced budgets have limited installation commanders' ability to provide employment.

The Task Force finds that youth employment programs provide a meaningful learning experience for teens and are a deterrent to delinquency. Summer employment programs would counter many parents' concerns about "gang problems," where older children on the base would assemble because there was "nothing to do."

Youth activity programs address those school age children who do not require child care. These activities are mostly social and recreational but the growing awareness of the needs of pre-adolescents and teens has initiated new ventures. Installation commanders in 1994 cited as major concerns the increase in youth violence, the failure of the program's responsiveness to youth, and the social isolation that youth experience following relocation. Recent initiatives within youth

activity programs target prevention of family violence, alcohol and drug abuse, teen pregnancy, school violence and gang activity.

Task Force findings underscore the value of the youth programs, particularly initiatives that focus on study-skill enhancement, volunteerism, and programs for youth-at-risk. *The Task Force finds* that the Services should support youth activities and encourage new ideas in this area. Some laudable examples include the tutoring programs by young Air Force personnel at Randolph Air Force Base and by Air Force Academy cadet volunteers who teach remedial math and science in San Antonio, Texas.

RECOMMENDATION 3: Adopt Enhanced Support Practices so installation commanders can offer youth employment to teens. At the same time, support and encourage Youth Activity Programs that address study-skill enhancement and youth-at-risk behavior. Youth Activities, Youth Athletics and Youth Employment address an emerging problem area.

Transportation Services

The Task Force encountered several concerns about current travel and transportation benefits.

ISSUE 1: SHIPMENT OF HOUSEHOLD GOODS

DISCUSSION: The Defense Department recently reviewed the recommendation by the Military Traffic Management Command's Personal Property Re-engineering Working Group that the department abandon the current personal property shipment program and adopt a commercial standard. This would include full-value liability coverage, direct claims settlement and vastly improved customer relations. The current program costs about \$1.1 billion, is extremely cumbersome and has a claim rate of 23.4 percent compared to 14 percent in the private sector. This represents a great deal of unsatisfactory service. The Military Traffic Management Command hopes to improve service and simplify the process by having the military customer deal directly with the commercial contractor. A test program using new procedures has the potential of realizing significant savings.

RECOMMENDATION 1: The Defense Department should accept the findings of the Military Traffic Management Command's Personal Property Re-engineering Working Group to drop the current personal property shipment standard and adopt a commercial standard.

ISSUE 2: STORAGE OF PRIVATELY OWNED VEHICLES

Military personnel assigned to certain overseas locations are prohibited from taking their motor vehicles with them. Additionally, personnel placed on extended deployment are often forced to store their motor vehicles for the duration.

DISCUSSION: Service members must either sell the vehicle or pay for private storage during their tour. The department does not pay for storage. Military members told the Task Force about the financial hardship this requirement often causes. The Task Force finds that the Services should cover storage expenses for these privately owned vehicles to alleviate a significant financial burden for their owners.

RECOMMENDATION 2: The Task Force supports the Defense Department's proposed legislation (FY97 Unified Legislation and Budgeting Initiatives) which provides for the storage of privately owned vehicles for permanent change of station moves. The Department should consider providing similar storage for personnel on extended deployments.

ISSUE 3: SPACE "A" TRAVEL FOR DEPENDENTS

Current rules place unnecessary restrictions on dependents of military members flying on military aircraft on a Space Available basis without their military sponsor.

DISCUSSION: The Air Force has recommended expanding Space Available travel for dependents of Service members assigned overseas to travel unaccompanied within the overseas area and to and from the CONUS. However, there are restrictions such as dependents under 18 must be accompanied by the military sponsor, or the sponsor's spouse. The Joint Chiefs and Unified Commanders have endorsed the idea.

RECOMMENDATION 3: The Defense Department should adopt the Air Force recommended expansion of Space Available travel for unaccompanied as well as accompanied military family members.

Other Issues

ISSUE 1: LEAVE POLICY

Leave is a major form of compensation and its use can substantially benefit the health, morale, and welfare of Service members and their families. The accumulation of 30 days of leave a year and its regular use are intended to offset the rigors and demands commonly associated with military life. Service members who regularly use their leave are likely to be more productive, and have a greater sense of wellness and a more favorable view of military service than members who do not take leave.

DISCUSSION: The Department of Defense Directive on Leave and Liberty provides basic policy guidelines. It requires that policies and procedures of the Military Departments be uniform, but allows each Service to establish its own leave policy. Differences in interpretations between the Services have caused morale problems in some joint commands.

One command visited by the Task Force cited an example where the Air Force and Navy do not charge leave for a Service member who leaves home station on a non-duty day (e.g., a Sunday)—chargeable leave begins the next day (the same applies to the Marine Corps). In the Army a soldier is charged leave effective the day of departure from home station, unless he or she leaves on a duty day and has worked over half the normally scheduled hours.

Although there are justifiable reasons in the way the Services handle some administrative personnel issues, the method of charging leave should not be one of them. This is of particular importance in view of the increased jointness of military operations where members of two or more services are expected to serve together and would expect to have common policies for the methods used to calculate and charge leave. The current disparity in Service rules concerning the charging of leave is confusing, leaves an impression of inequity and creates morale problems.

RECOMMENDATION 1: The Department of Defense should establish policies that are uniform in the manner that chargeable leave is computed for members of all services.

ISSUE 2. MAGISTRATES OVERSEAS

Installation leaders in Okinawa and Korea articulated a real need to assign Federal Magistrates to handle crimes by dependents, contractors and civilian employees. This issue is subject to Status of Forces agreements and international negotiations.

RECOMMENDATION 2: The Department should investigate the possibility of placing magistrates in Okinawa and Korea.

Issues 3, 4 and 5 refer to organizations affiliated with, but not directly managed by the Department of Defense. Because of their long-standing traditions of serving U.S. military personnel and their commitment to improving the quality of life, the *Task Force finds* that these organizations deserve continued endorsement by the Defense Department.

ISSUE 3: IN-KIND CONTRIBUTIONS TO THE USO

The USO mission is, and has been for its almost 55 years, to “enhance the quality of life of personnel within the military community and to create a partnership between US military and civilian communities worldwide.” (*DoD Directive 1330.12*).

DISCUSSION: The USO receives limited in-kind assistance from the Defense Department installations. Such assistance is permitted by statute (Public Law 96-165), regulation (*DoD Directive 1330.12*) and is consistent with the policy issued by the Secretary of Defense (SECDEF memo SUBJ: DoD Partnership with USO, 18 Oct 94). When the department provides less than optimum in-kind assistance, the USO has to spend more of its own money. This is especially true for overseas staff support. Those resources would better serve the military if spent on services and recreational opportunities for them. According to the USO, increased in-kind assistance would realize over one half-million dollars annually that could be reprogrammed into direct services for the military.

RECOMMENDATION 3: Provide in-kind support for the USO where permitted by law.

ISSUE 4: ARMED SERVICES YMCA

The Armed Services YMCA, associated with the YMCA of the United States, is composed of 14 branches and 4 affiliates that operate 50 program centers serving military families exclusively. The programs include social and recreational opportunities for married and single members, children's programs, skill-building workshops and classes, and hourly child care. These are in fact, most of the programs recommended in this chapter.

DISCUSSION: A Memorandum of Understanding was signed in 1984 between the Armed Forces YMCA and Defense Secretary Weinberger. The Memorandum delineates the relationship between the two organizations. The Subpanel endorses the programs and services offered by the Armed Services YMCA and applauds its commitment to military members and their families.

RECOMMENDATION 4: The Secretary of Defense should update and renew the 1984 Memorandum of Understanding.

ISSUE 5: STARS AND STRIPES

The publication *Stars and Stripes* has a daily circulation of 70,300 and provides military personnel deployed overseas with stateside information and a necessary connection to home.

DISCUSSION: American Forces Information Service, which operates the paper, reports that the publication is in "dire financial straits," as a result of troop drawdown overseas and the removal of profitable bookstores from the parent organization's structure. *The Task Force finds* that *Stars and Stripes* is a morale booster both for deployed troops and those permanently stationed overseas.

RECOMMENDATION 5: The Defense Department should support the Armed Forces Information Service in its effort to sustain *Stars and Stripes*.

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ANNEX 4-A MEMORANDUM OF UNDERSTANDING

Memorandum of Understanding
between the Department of Defense and
The Armed Services YMCA of the USA

The Armed Services YMCA of the USA – incorporated under the laws of the State of Illinois – is a non-profit organization operated solely to support the young Service men and women of the Armed Forces. As it has throughout its long history, the Armed Services YMCA focuses its programs and services on young military personnel, primarily in the junior enlisted community in the paygrades of E-5 and below. Programs are provided to single and married personnel, as well as to their families.

A 501(c)(3) charitable organization, the Armed Services YMCA is associated with the National Council of the YMCA of the USA, operating independently to supplement and complement the quality of life programs provided by the Department of Defense. It enjoys a long tradition of support to the Armed Forces, having provided services continuously since the Civil War.

Program and Funding

Programs and services provided by the Armed Services YMCA are conducted in cooperation with local commands to ensure that the YMCA programs extend and complement the support provided by local military installations. The community-based programs, which are provided by trained Armed Services YMCA staff and volunteers, enhance the quality of life of young Service members away from their families, their hometown friends and the support systems normally available to young adults.

Activities and services include social and recreational opportunities for both married members and single members, school age child care, hourly child care, pre-school care, networking opportunities for young parents and skill-building workshops and classes.

Program sites are both off installations in locations that are convenient to the large numbers of young families who live in civilian housing compounds and in facilities which are provided by military installations where in-kind support enhances community charitable funding.

Programs are supported by United Way and Combined Federal Campaign drives, donations from individuals and businesses, government contracts, donated services and materials and by fees charged for certain programs. The Department of Defense recognizes the need for fund raising activities by the Armed Services YMCA. In addition, proceeds from an endowment, established during World War II, specifically to be used for work with the Armed Forces provide an ongoing core of stability to Armed Services YMCA programming.

Armed Services YMCA branches and programs are open to all military personnel and military family members regardless of gender, ethnic background, race, creed or national origin.

Department of Defense Policy

The Department of Defense (DoD) welcomes community support in its efforts to enhance the quality of life of young men and women in the Armed Forces, including community-based programs such as those provided by branches of the Armed Services YMCA. The Department recognizes the value of civilian community involvement in the lives of Service members, large numbers of who live in private sector housing off the military installations.

Therefore, the Secretary of Defense enters into this Memorandum of Understanding with the Armed Services YMCA of the USA. The Department of Defense, to the extent compatible with its primary functions, will continue to make in-kind resources available to the Armed Services YMCA to enable that organization to carry out its cultural and social responsibilities.

In accepting the services of the Armed Services YMCA, it is understood and agreed that the Armed Services YMCA activities shall be carried forward under the following terms:

1. Armed Services YMCA is responsible for the operation and coordination of its branches and satellite program centers.
2. Armed Services YMCA will coordinate activities with civilian agencies to ensure that local community services contribute to the best interests of Service personnel and the military communities involved.
3. Armed Services YMCA will be responsible for the quality of its programs and services and for the training and competency of both paid and volunteer staff.
4. The Under Secretary of Defense (Personnel and Readiness) is designated liaison between the Department of Defense and the Armed Services YMCA. All policy matters shall be referred to the DoD liaison officer.
5. The Armed Services YMCA serves its constituents through branches, program centers, satellite programs and outreach activities in areas that are convenient to those being served. While the Armed Services YMCA is responsible for establishing or closing branches or programs centers, such actions are to be conducted in consultation with appropriate command representatives.
6. In previous times of conflict, YMCA programs have been conducted in overseas areas. If such services are needed in the future, they will be the subject of separate arrangements between the Armed Services YMCA and the Department of Defense.
7. Unified and specified commanders may negotiate directly with the Armed Services YMCA of the USA for the establishment of temporary services. The Under Secretary of Defense (Personnel and Readiness) shall be advised of these actions.

Command Review of Programs

Installations commanders shall maintain a continuing review of facilities, programs and services operated by the Armed Services YMCA that impact on their areas of responsibility. This review shall include program need and effectiveness, adequacy of facilities and competence of staff personnel.

In-Kind Services

It is Department of Defense policy to provide in-kind services to the Armed Services YMCA where it is in the best interests of the military community, and where, in the judgment of local commanders, such support furthers the quality of life of both married and single Service members.

Other Agencies

This Memorandum of Understanding shall not affect relationships between the Department of Defense and other agencies that DoD may invite to provide services.

Review

The Armed Services YMCA and the Department of Defense shall review this Memorandum of Understanding as necessary and make changes to it as may be mutually agreed upon. This MOU may be terminated by either the Armed Services YMCA or the Department of Defense upon written notification of the other party.

Secretary of Defense

National Executive Director
Armed Services YMCA of the USA

Date _____

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APPENDIX 1 SEPARATE VIEWS

SEPARATE VIEWS OF JOHN O. MARSH JR, CHAIRMAN, AND OTHER MEMBERS OF THE TASK FORCE ON QUALITY OF LIFE AS LISTED BELOW

We believe the Task Force has provided substantive responses and recommendations on the matters outlined by Secretary Perry for our inquiry. With respect to military housing, the Task Force has set out a continuum of recommendations which, if taken in whole, could provide the framework for substantially improving both the quality and quantity of military housing.

In the field of community and family services, the Task Force has outlined a number of recommendations that can make an important contribution to this significant aspect of quality of life for military personnel.

As to the tempo our military personnel are experiencing and the toll that it may be taking, the Task Force has also identified a number of steps and made a set of recommendations that can assist the Department of Defense in alleviating some of the intensity which our personnel are experiencing in deployments and other operational commitments. We believe these recommendations will make a significant contribution.

There is a matter that, in our judgment, needs to be addressed that is not within this Task Force's charter.

Based on the Task Force's inquiry into personnel tempo and the role the reserve components might play in alleviating this situation we have decided to offer an additional recommendation that is beyond the charter given the Task Force, but nonetheless critically relevant to providing a complete answer to this question.

In our judgment, the most fundamental question that needs to be addressed with respect to use of the reserve components is "What is the appropriate role for the reserve components in our national security posture in the post Cold War future?"

The role of the reserve components is a matter that has been addressed in a long succession of studies in the past, but the situation is so markedly altered that those studies, and even the laws and regulations that currently govern the reserve components, are no longer relevant to the future we are contemplating. We believe that the judgment that an answer to this question is needed is supported by comments contained in the work of the Readiness Task Force and the Commission on Roles and Missions, each of which in different ways raised questions about the role of the reserve components. Our conclusion to this effect was also reinforced by conversations with a wide range of current and former senior civilian and military officials during the course of the Task Force's work.

Most of the difficulty in addressing how and in what manner to further utilize the reserves emanates from the Cold War framework in which they have developed, their force structure that

still reflects this situation, and Cold War era rules governing the manner in which they may operate. The time is right to reconsider these matters and develop a framework for the reserve component that is re-engineered in keeping with the emerging circumstances and the future. In our judgment there are real opportunities for our national security posture that could emanate from such a re-evaluation.

It is critical to ensure that such a review be conducted in conjunction with the Congress, in an appropriate manner, because of the particular relation that exists both in law and in fact between the reserves and the responsibilities invested in the Congress with respect to the reserve component, and of course the military as a whole.

What should be the role of the reserve component in the future? Should it be enhanced in keeping with the normal precedent of our history in which we have maintained a small standing military and relied heavily on a militia? Or, will the reserve component be reduced substantially to assist in providing funds for a high quality active force? Is some combination of these approaches the better choice? More pragmatically, how can we not conduct such a re-evaluation in the midst of the various revolutions (the political revolution in what was the Warsaw Pact, similar but less dramatic evolutions throughout the Third World, the revolution that is occurring in information and communications) that are occurring throughout our world.

Already the character of employment of our military forces has changed with the increased emphasis on operations other than war. Such requirements, both domestically and overseas, may be better dealt with after this review.

Certainly, a part of this re-evaluation should include consideration of the linkage the reserve force provides to the civilian community and how this relationship should be fostered as a part of our national security fabric. While some have criticized the degree to which civilian influence is evident in the reserve community, there are many who suggest that it is exactly this linkage that provides a critical bellwether for our national security activities and which catalyzes the national commitment so necessary in military activities that was absent in Vietnam.

In our judgment, such a re-evaluation needs to encourage non-traditional thinking. Old ideas and ways of doing things die hard. To be successful, this effort must find a way to avoid some of the attitudinal problems in evidence in many active duty personnel, as well as the defensive position taken by many in the reserve community.

While the type of questions that should be addressed in such a study can only be suggested in part, they should include such matters as the following:

- the role of the reserves in our national security posture, and from this the force structure and size for these forces,
- the manner in which the relationship with the civilian community should be established,
- what should be the role of the reserves in operations other than war,
- can reserve forces in large unit configurations perform an effective military role where the mission is in large part "presence" as it is in Europe,

- how can we take better advantage of the individual skills resident in the reserve component,
- what opportunities do advances in information technology, and in particular simulation capabilities, provide with respect to utilization of reserve forces,
- how can the reserve component reduce the time necessary before deployment,
- how can reserve forces take better advantage of individuals leaving active service,
- to what extent should efforts to more fully integrate reserve and active forces be re-emphasized such as the "round-out" concept now dormant in the Army,
- how can tours be shortened and rotations increased synergistically to lessen the burden of deployments on reserve component personnel,
- where are there opportunities to turn an entire mission over to the reserve component and encourage them to address the mission requirements creatively to seek innovative solutions,
- can the success evident in the integration of the Air Guard and Reserve into the active Air Force be used as a model for realizing greater utilization of aviation units in the Navy and the Marine Corps, and
- what are the appropriate training requirements for the reserve component that should be established in law. This question could also be expanded to compensation matters in general.

The time is right for a comprehensive review of the future role of the reserve component. Without this base, it will be not only difficult, but also highly contentious to make decisions concerning the size and utilization of the reserves that inevitably must be made.

The following Members of the Task Force concur in these views:

Honorable Edward C. Aldridge Former Secretary of the Air Force	Honorable John O. Marsh Former Secretary of the Army	Honorable Sean O'Keefe Former Secretary of the Navy
John A. Shaud General, USAF (Ret)	ADM William D. Smith Admiral, USN (Ret)	Gen John A. Wickham Former Chief of Staff Army
Gen Edgar A. Chavarria Lieutenant General, USAF (Ret)	LTG Herbert R. Temple, Jr. Former Chief National Guard Bureau	MajGen John L. Matthews Major General, USAF (Ret)
Gen Robert S. Delligatti Executive Director for General, USAF (Ret)	Honorable G. Kim Wincup Former Asst Secretary of Army/Air Force	Chaplain (MG) Matthew A. Zimmerman Major General, USA (Ret)
James M. DeFrancis President, Lowe Enterprises Atlantic Inc.	Ms. Claire E. Freeman CEO, Cuyahoga Metropolitan Housing Authority	MCPON William H. Plackett Former Master Chief Petty Officer of the Navy
Barbara P. Glacel President, VIMA International, Inc.	SgtMaj Charles A. McKinney Sergeant Major, USMC (Ret)	Mrs. Dorene N. Butler
Gen Donald R. Gardner Lieutenant General, USMC (Ret)	RADM Roberta L. Hazard Rear Admiral, USN (Ret)	CSM William J.H. Peters Command Sergeant Major, USA (Ret)
	Mrs. Sylvia E. J. Kidd	CMSAF Sam E. Parish Former Chief Master Sergeant of the Air Force

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APPENDIX 2 To DoD Task Force on Quality of Life Final Draft Report

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

DEC 0 9 1994

MEMORANDUM FOR CHAIRMAN, DEFENSE SCIENCE BOARD

SUBJECT: Terms of Reference--Defense Science Board Task Force on
Quality of Life

You are requested to form a Defense Science Board Task Force to examine Quality of Life issues as they apply to active and reserve component military personnel, their families and civilian employees of the Department of Defense. The scope of your effort should be directed into three main areas: improving the way we house our people (on post/off post; married and single); improving the way we deliver community and family services; and improving the way we manage our people to reduce personnel turbulence. The Task Force may also report and make recommendations, as appropriate, on other matters or concerns, such as availability of medical care, which may be raised during the course of its deliberations. Specific attention should be paid to the following general areas:

- (1) Identify off budget actions that can improve quality of life--such as improving base housing, family quarters or other housing, or community and family services;
- (2) Identify ways of improving personnel tempo and reducing turbulence--such as making more extensive use of the Guard and Reserve in over-extended military specialties;
- (3) Explore setting DoD-wide standards for components of quality of life--e.g., housing;
- (4) Identify high leverage items for use of appropriated funds to improve quality of life--such as family services, child care programs, and self-help programs.

The Task Force will concentrate its efforts on generating practical ideas that can be quickly implemented. The Task Force will function in close coordination with the DoD Quality of Life Executive Committee, chaired by the Assistant Secretary of Defense for Force Management Policy. The DoD Executive Committee will serve as an internal Department action body, supporting the DSB Task Force, implementing the approved recommendations of the Panel and any related Program Decision Memoranda, and surfacing new ideas from inside and outside the system for consideration.



The Under Secretary of Defense (Acquisition and Technology) will sponsor this Task Force, providing funding and other support as may be necessary. The Honorable John O. Marsh will serve as the Task Force Chairman. Lieutenant Colonel David Witkowski, USAF, from the Office of the Assistant Secretary of Defense for Force Management Policy, will serve as Executive Secretary, and Lieutenant Colonel Keith Larson, USAF, will serve as the Defense Science Board Secretariat representative.

The Task Force will be operated in accordance with the provisions of P.L. 92-463, the "Federal Advisory Committee Act," and DoD Directive 5105.4, the "DoD Federal Advisory Committee Management Program."

It is not anticipated that this Task Force will need to go into any "particular matters" within the meaning of Section 208 of Title 18, U.S. Code, nor will it cause any member to be placed in the position of acting as a procurement official. The Task Force will submit periodic interim reports, and a final report when the Task Force effort has been completed.

Paul G. Kaminski
Paul G. Kaminski

APPENDIX 3 SITES VISITED

Region	Site
Eastern United States	<ul style="list-style-type: none"> • Norfolk Naval Center • Fort Bragg • Pope Air Force Base
Central United States	<ul style="list-style-type: none"> • Fort Sam Houston • Lackland Air Force Base • Randolph Air Force Base • Fort Hood • Tinker Air Force Base • Cannon Air Force Base
Western United States	<ul style="list-style-type: none"> • Fort Lewis • McChord Air Force Base • Miramar Naval Air Station • Camp Pendelton • San Diego Naval Base
Pacific Theater	<ul style="list-style-type: none"> • Pearl Harbor Naval Base • Marine Corps Base Kaneohe • Schofield Barricks • Camp Butler • Camp Schwab • Kadena Air Base • Camp Casey • Yongson • Osan Air Base • Joint Security Area (DMZ)
European Theater	<ul style="list-style-type: none"> • Kaiserslauten Military Community • Mildenhall/Lakenheath Military Community • Aviano Air Base • Naples Naval Support Activity • Sigonella Naval Air Station

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APPENDIX 4 GLOSSARY

Acceptable Housing	A term used to describe housing that satisfies criteria identified in DoD Housing Management, September 1993 (DoD 4165.63M). Acceptable community family housing is countable as an asset in determining housing requirements. Acceptable permanent party unaccompanied personnel housing is reportable as adequate and assignable on a mandatory basis to junior enlisted personnel.
Active Duty	Full-time duty in the active military service of the United States. This includes members of the Reserve Component serving on active duty or full-time training duty, but does not include full-time National Guard duty.
Active Duty for Training	A tour of active duty used for training members of the Reserve Component to provide trained units and qualified persons to fill the needs of the Armed Forces in time of war or national emergency and such other times as national security requires. It includes annual training, special tours of active duty for training, school tours and the initial duty for training performed by non-prior service enlistees.
Adequate family housing	Military Family Housing that is specifically designated adequate and for which full housing allowances are withheld when assigned.
Adequate barracks	Barracks that meet minimum space, privacy and environmental standards of acceptability.
Appropriated Funds	Funding provided by Congress for the operation of the government.
Bachelor Housing	Housing for single and unaccompanied personnel, including government-owned barracks and off-base residences rented or owned in the local community.
Barracks	On base, government-owned housing for single and unaccompanied personnel. Also known as unaccompanied personnel housing, dormitories and bachelor quarters.
Chairman	Unless otherwise stated, refers to the Chairman, Joint Chiefs of Staff.

Child Development	The program within the Department of Defense that provides care and/or resource and referral services for military families with children ages 0-12. The Child Development Program includes Child Development Centers, Family Child Care Programs and Hourly Child Care initiatives.
Child Development Centers	A facility on a military installation where child care services are provided for members of the Armed Forces, or any other facility where child care is provided and operated by the Secretary of a Military Department.
Combatant command	See <i>Unified command</i> .
Commander in Chief	The President of the United States. Also, when used with a geographical or functional designation, the Commander of one of the unified combatant commands established by the President.
Community housing	Private housing in the vicinity of the installation.
Compensating leverage	The use of Reserve forces in practical experience-gaining tasks as opposed to repetitious home-station training.
Contingency	An emergency involving military forces caused by natural disasters, terrorists, subversives or by required military operations.
Contingency contracting	Contracting performed in support of a peacetime contingency in an overseas location pursuant to the policies and procedures of the Federal Acquisition Regulatory System.
Contingency Plan	A plan for major contingencies that can reasonably be anticipated in the principal geographic sub-areas of a command.
Contract Maintenance	The maintenance of materiel performed under contract by commercial organizations (including prime contractors) on a one-time or continuing basis, without distinction as to the level of maintenance accomplished.
Counterdrug	Active measures taken to detect, monitor and counter the production, trafficking and use of illegal drugs.

Defense agency	An organization designated by the Secretary of Defense to provide services or supplies common to more than one department (e.g., Defense Information Systems Agency, Defense Intelligence Agency, and Defense Logistics Agency).
Deployment	The relocation of forces and materiel to desired areas of operations. Deployment encompasses all activities from origin or home station through destination, specifically including intra-continental United States, inter-theater and intra-theater movement legs, staging and holding areas.
DoD components	Major organizational elements of the Department of Defense, such as the Services, agencies and unified commands.
DoD Directive 5100.1	The order promulgating the responsibilities and functions of the Department of Defense.
Enhanced Support Practice	A proposed tool that will allow the use of appropriated funds to reimburse certain non-appropriated fund activities, such as Child Development Services.
Executive Agent	Authority delegated (normally to a Military Department or combatant commander) by the Secretary of Defense to act on his behalf with respect to certain activities and/or resources.
Family Advocacy Program	The Department of Defense program that provides for the prevention, intervention and treatment of spousal abuse, child abuse and neglect and child sexual abuse. Family Advocacy specialists are located at Family Centers and Medical Treatment Facilities on Defense Department installations.
Family Child Care	Home-based child care services provided for members of the Armed Forces by an individual who is certified by the local Child Development Program and who regularly provides such services for compensation.
Family Support Programs	Programs provided on a military installation to assist military families by offering information and referral services, relocation assistance, parenting classes and other programs that help families in cope with the demands of military life.

Field Activity	An organization designated by the Secretary of Defense to provide services or supplies common to more than one department (e.g., Defense POW/MIA Office and Washington Headquarters Services).
Forward presence	See <i>Presence</i> .
Full-Time Equivalency Limits	A ceiling on the number of person-years a Department of the government is authorized to hire. These limits apply to civil service positions.
Functional CINC	Unified Commander in Chief who is assigned a specific worldwide support function. Currently, these are Special Operations Command (SOCOM), Headquarters at MacDill Air Force Base, Florida; Strategic Command (STRATCOM), Headquarters at Offutt Air Force Base, Nebraska; Transportation Command (TRANSCOM), Headquarters at Scott Air Force Base, Illinois; and Space Command (SPACECOM), Headquarters in Peterson Air Force Base, Colorado.
Geographic CINC	Unified Commander in Chief who is assigned a regional/geographic area of responsibility (AOR). Currently, these are Atlantic Command (ACOM), Headquarters in Norfolk, Virginia; Central Command (CENTCOM), Headquarters at MacDill Air Force Base, Florida; Pacific Command (PACOM), Headquarters in Camp Smith, Hawaii; European Command (EUCOM), Headquarters in Stuttgart, Germany; and Southern Command (SOUTHCOM), Headquarters in Rodman, Panama.
Goldwater-Nichols Act	The Department of Defense Reorganization Act of 1986. The original Bill was sponsored by Senator Goldwater and Congressman Nichols.
Host Nation	A country where representatives or organizations of another state are present because of government initiation and/or international agreement.
Hourly Child Care	Child care provided to military families on an <i>intermittent</i> , or <i>as needed</i> basis. Examples of hourly care needs include medical appointments, job interviews or respite care for stressed families.

Impact Aid Program	Department of Education program that compensates local school districts when adversely impacted by the presence of a federal activity, such as a military installation. The program is intended to compensate a school district for school taxes not received from tax-exempt persons who use the system.
Individual Mobilization Augmentee (IMA)	An individual Reservist attending drills who receives training and is preassigned to an Active Component organization, a Selective Service System or a Federal Emergency Management Agency billet that must be filled on, or shortly after, mobilization.
Individual Ready Reservist	A member of the Ready Reserve not assigned to the Selected Reserve and not on active duty.
Inter-Service	Between Services. Example: Inter-Service training is that which is provided by one Service to members of another Service.
Joint Duty Assignment	An assignment to a designated position in a multi-Service, or multinational command or activity, that is involved in the integrated employment or support of the land, sea and air forces of at least two of the three Military Departments.
Joint operations	Military operations involving integrated force packages from more than one Military Department.
Marine Expeditionary Force (MEF)	The principal Marine Corps warfighting organization, particularly for a larger crisis or contingency, and can range in size from less than one to multiple divisions and aircraft wings together with one or more force service support groups.
Military Departments	The Departments of the Army, Navy and Air Force.
Military Family Housing	Family housing owned, leased or acquired and operated by the military Services.
Military housing	Family housing and barracks owned, leased or acquired and operated by the military Services.

Military Services	The Army, Navy, Air Force, Marine Corps and Coast Guard in time of war.
Missions	The tasks assigned by the President or Secretary of Defense to the combatant commanders.
Mobilization	The process by which part or all of the Armed Forces are brought to a state of readiness for war or other national emergency. This includes activation of Reserve Component as well as assembling and organizing national resources to support national objectives in time of war and for military operations other than war.
National Command Authority	The President and the Secretary of Defense or their deputized alternates or successors. Also called the NCA.
National Security Strategy	The art and science of developing, applying and coordinating the instruments of national power (diplomatic, economic, military and informational) to achieve objectives that contribute to national security.
Nonappropriated Funds	Funds generated by DoD for military and civilian personnel and their dependents and used to augment funds appropriated by Congress to provide a comprehensive, morale-building welfare, religious, educational and recreational program, designed to improve the well-being of military and civilian personnel and their dependents.
Operations and Maintenance (O&M)	Funds programmed for activities such as training and maintenance of equipment and facilities and civilian pay.
Operations Other Than War (OOTW)	An aspect of military operations that focus on deterring war and promoting peace.
Operational Tempo	Operational tempo is divided into National Command Authority-directed operations—such as Provide Comfort in Northern Iraq, Uphold Democracy in Haiti and Deny Flight in Bosnia—and combat training.
Operational Training	Training that develops, maintains or improves the operational readiness of individuals or units.

Outyears	Used in fiscal programming for those fiscal years beyond the budget exhibits.
Personal Financial Management	Programs provided at Defense Department Family Centers that provide proactive advice and information on issues such as consumer education, family and personal budgeting, debt management, credit problems and savings and investment counseling.
Personnel Tempo	A comparison of days in home port (home station) to days not in home port (home station) over a specific period of time, as well as time spent in deployed field activities while in home port or home station.
Presence	The ability of the United States military forces to exert influence abroad during peacetime because they are located in an area, or they have the capacity to get quickly to the scene, also their peacetime engagement activities with foreign nations.
Quarters	All living accommodations.
Ready Reserve	The Selected Reserve and Individual Ready Reserve liable for active duty as prescribed by law (10 U.S.C. 268, 672, and 673).
Reserve Component	The Reserve Components of the Armed Forces of the United States are: The Army National Guard, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard, the Air Force Reserve and the Coast Guard Reserve.
Roles	Broad and enduring purposes specified by Congress in law for the Services and selected DoD components.
Round-out concept	A war-planning concept in which certain high-priority Reserve and National Guard Brigades have a preplanned wartime role as integral parts of active Army units.
School Age Care	Supervision of children before and after school, on school holidays and during school vacations.
Scoring	A budgetary term, unique to the Federal Government, that refers to accounting for long term liabilities.

Secretariat	The staff of the Secretary of a Military Department (currently separate from the staff of the Service Chief of Staff).
Selected Reserve	Units and individuals within the Ready Reserve designated by their respective Services and approved by the Joint Chiefs of Staff as so essential to initial wartime missions that they have priority over all other Reserves. The Selected Reserve also includes persons performing initial active duty for training.
Service Chief	Senior military person in a Service—Chief of Staff of the Army, Chief of Naval Operations, Commandant of the Marine Corps, Chief of Staff of the Air Force and Commandant of the Coast Guard.
Spouse Employment Program	A program offered by Family Centers to help spouses of active duty personnel find employment.
Substandard Family Housing	Military Family Housing, specifically designated by Congress as not adequate and is occupied subject to a "rent" equal to its fair market value not to exceed 75 percent of the resident's Basic Allowance for Quarters.
Theater	As used in this report, the area of operations of a geographic CINC.
Tiered Training	A training process consisting of, at the highest level, training to global and theater strategies. The middle level trains for Joint Task Force activities. The bottom tier involves <i>Service-unique</i> training.
Title 10, United States Code	Title 10, United States Code, contains the organic law governing the Armed Forces of the United States and providing for the organization of the Department of Defense, including the military departments and reserve component.
Tuition Assistance	Financial aid to Service members on active duty who successfully complete college course work.
Unified command	A command established by the President with a broad, continuing mission under a single commander and composed of forces from two or more Military Departments.

Unsuitable housing	Housing that fails to meet condition, size or configuration standards, or acceptability criteria defined earlier.
Voluntary training	Training in a non-pay status for Individual Ready Reservists and active status Standby Reservists.
Women, Infants, and Children (WIC) Program	A Department of Agriculture program that provides health and nutrition education, and vouchers for formula and nutritious foods to low income families. In the Defense Department, most E4 and below families are eligible for WIC.

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THE USE OF MILITARY PERSONNEL TO INCREASE SECURITY OF U.S. BORDERS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Friday, March 15, 1996.

The subcommittee met, pursuant to notice, at 1:04 p.m., at Santa Ana City Council Chambers, 22 Civic Center Plaza, Santa Ana, CA, the Honorable Robert K. Dornan (chairman of the subcommittee) presiding.

Present: Representatives Dornan and Pickett.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. Ladies and gentlemen, the Subcommittee on Military Personnel will come to order, the subcommittee of the full National Security Committee, until this last year and 3 months named the Armed Services Committee.

I would like to thank the City of Santa Ana for the use of these beautiful facilities and the superb support provided my staff as we prepared for this hearing. I would also like to take a moment for some personal privilege in recognizing some folks.

First of all, my friend, Miguel Palido, and I am also a friend of his family and his dad and the Ace Muffler battles right here in this city council chamber.

I want to thank Mayor Palido and his staff, particularly Joe Arthur, for all the help they have given to my staff in setting up these hearings.

I just cannot think of a better location than this, and they went way beyond the public service call to make this easy for us.

I want to thank not only my whole staff and the senior staffer who is with me today, John Chapla, but I want to particularly thank Mike Higgins, the number two man on the professional staff of the subcommittee, who has done the lion's share of the work.

Michael, thank you for setting up what I know are going to be very productive hearings.

I want to thank Pat Fanelli, who is my administrative assistant, my district chief here.

Did not know I was going to thank you, did you, Pat?

Pat did, again, yeoman's work in helping my Washington staff and my Federal staff set this up.

Now, we have talked about this hearing for a year, and with my own personal history, I want to point out that this will be the first time that this Member of Congress has ever chaired a field hear-

ing, and it is no small moment in someone's life; and this subcommittee runs as smoothly as any subcommittee on Capitol Hill because of my vice-chairman, the distinguished gentleman from Virginia, Owen Pickett.

Owen, I want to thank you personally for coming out.

We could not have had the hearings without your presence here, and I note that your son-in-law had a change of command and took over a—was it an S-3 Viking squadron this morning?

Your daughter must have been very proud, and the proud father-in-law; he was zipped up here by Navy helicopter to join these hearings. The Virginia coastline is beautiful, and the Shenandoah Mountains are beautiful, as are the Sierra Mountains here in California, but is that not a gorgeous coastline?

From San Diego to Orange County is truly a golden coast.

Our change of plans, due to your son-in-law's change of command, enabled me to go to the SSTO, Single-Stage-To-Takeoff McDonnell-Douglas DXA, the A-model of their new rocket ship that—it can actually hover in flight, reduce the cost 90 percent for every pound we put in space; and it was quite a roll-out in Dave Rohrabacher's district in Huntington Beach.

So, I was able to do something that I call the sunshine side of life, like watching your children and your children's mates come up in the world, watch our great science and aerospace program and talking about what it's going to do for communications.

In my remarks this morning over in Huntington Beach, at McDonnell-Douglas, I said this afternoon I will be involved with the dark side of life, the poison coming across our borders to destroy not only young Americans but Americans of all ages.

I want to thank Phil Yarborough, a citizen of Santa Ana, who got on my case, kept pushing me.

Are you here, Phil? I just saw you.

Where is Phil Yarborough? Oh, there he is.

Phil said crime in Orange County, particularly in this beautiful all-American city of Santa Ana, is driven so horribly by drugs.

I told him that it is not easy to have a field hearing, that we had lots of other housekeeping hearings to drive the personnel budget—pay, housing, basic allowance for quarters, morale, recruiters. With a volunteer army, you have got to take care of your recruiters.

All of these problems that we have to have these hearings on—my staff accommodated me and the wishes of citizens like Mr. Yarborough to say let us have a field hearing.

Now, Duncan Hunter, who serves on the committee with me, wanted the hearings on the border, and many of you will be coming from his district.

He has got the lion's share of our border from the Pacific Ocean to Yuma, AZ, and Duncan was going to try and turn the world upside down, but he could not get up here today.

So, I promised him that, before too many months go by, we will have another hearing closer to the initial action, but as all of you know working this problem, a great portion of the illegal immigration, which is kind of the sub-text today, but the narcotics, which is the principle focus of today, ends up tearing apart a beautiful city like Santa Ana.

So, with that, I will go back to my formal remarks.

Today, our subcommittee will receive testimony on this issue that is important to the Nation as a whole but an issue particularly critical here in beautiful southern California.

The issue is the increased commitment of U.S. military manpower to the U.S. border security roles. Two weeks ago, during my most recent visit to the border—and I do go down there at least every year or 2 years. I have made, since I have been a Congressman, 10 trips down there. I have been down with Harold Ezell, who is the head of the Western Region for the Immigration and Naturalization Service, who gave me a beautiful Statue of Liberty that is the centerpiece of my desk.

Each time I go down there, I am always shocked that we have not gotten a handle on this problem and rolled it back, particularly this killer problem, literally killing problem of narcotics. So, again, as usual, on a trip to the border, I am shocked by the increased intensity of the pressure on everybody who works the border on both sides created by drug smuggling and by illegal immigration.

The stewardess on the airplane coming out here; I was with Col. Tom Hawley, who is my escort from Army Congressional Liaison—the stewardess who was coming with us on the airplane and was taking our tickets at the gate at Dulles, domiciles in San Diego, said about time we have hearings. She said, in San Diego, the other day, when it was raining, just within the week, she said there were 1,800 attempts to come across the border under the cover of the rain. You are already nodding your head. So, stewardesses who live in San Diego are aware of the problem and cheering us as we get on our flight to LAX. Amazing.

Despite the seizure of over 200,000 pounds of cocaine in 1995, there is continuing evidence that the smuggling of drugs has reached even newer heights, or I prefer to say lower depths. United States officials currently estimate that 400 metric tons of cocaine is smuggled into the United States annually and that 70 percent of that total is smuggled across the Mexican border.

Four-star Gen. Barry McCaffrey, retiring from a brilliant military career—two Distinguished Service Crosses, three Purple Hearts, two Silver Stars, umpteen Bronze Stars with V for valor—he is becoming our new Director of National Drug Policy, what the media calls the drug czar. He gave a briefing in Washington before he knew he was going to have this responsibility and said 100 percent of cocaine comes across our borders if you include the Caribbean and Florida.

The decreasing street price in the United States of cocaine to a new low of \$84 a gram is sad testimony to our failure to stop the flow of drugs. Supply-and-demand—the supply is there, the price drops.

In just the last year, there has been a 66-percent increase in apprehensions of illegal immigrants along the border with Mexico, and in San Diego, the daily arrest rate is up 51 percent, to a staggering 1,890 arrests a day.

The economic pressures that are driving the people of Mexico and Central America to illegally immigrate are not difficult to understand. Mexico's economy has shrunk 6 percent. They have lost a million jobs. They have suffered both a 50-percent inflation rate

and a 60-percent devaluation of the peso, called a collapse of the peso on Wall Street.

It is no wonder that hard-working Mexican citizens see the United States as a shining city on a hill, to use the Winthrop quote. Our Nation has responded to drug smuggling and illegal immigration trends with the expenditure of steadily-increasing resources. For example, Federal drug control spending in general has increased from—everybody ought to memorize this—from \$1.5 billion in 1981, when I came out here to Hollywood for hearings and we were treated like we were anathema to public service.

Hollywood rudely did not accept us here in the spring of 1981, April—that is 15 years ago next month—under Lester Wolfe, who was then Chairman of the Asian and Pacific Subcommittee; and we came out here with the narcotics—a Select Committee on Narcotics Abuse and Control, does not exist anymore in a cost-saving measure. We were spending \$1.5 billion, and we came out because of a series of articles in TV Guide that said it is snowing on Hollywood, spring of 1981, written by Frank Svetlow. All they could say about him is there is nothing lower than to svet. That was Hollywood's reaction, to make fun of somebody's name.

It is now not \$1.5 billion, it is \$14.6 billion, 15 years later, in 1996. Between fiscal years 1995 and 1996, the INS budget increased from \$2 billion to over \$2.5 billion, an increase of 24 percent.

The Border patrol budget increased 27 percent in 1996 to \$585 million, from \$461 million just a year ago. Despite this considerable effort to increase the resources committed to border security, the pressures continue to grow and grow.

Public policy that sends thousands of United States military troops, at a cost of millions, tens of millions of dollars, reaching out toward over \$2½ billion to places such as Somalia, Haiti, and Bosnia—more than that if you put all three together—in response to questionable, debatable national security threats, seems to ignore the closer and the most dangerous threat right here in our own Western Hemisphere and more specifically along the southern borders.

The stress on the military is incredible. I see as the chairman of Military Personnel; I see it as does Mr. Pickett, as a member of the full committee.

I do want to point out that this is one of the reasons I took the lead, forced my own Republican conference to bring to the floor a vote, not to not aid Bosnia with air power and sea power and airlift and sealift and hospitals and food and munitions and everything else we were doing in that area, building all the major hospitals, and now we have just built new temporary hospitals in Hungary, but the ground role belonged to Europeans; and I forced that to a floor vote and only missed by four votes, 210 to 218, because I thought this money should have been spent here in the United States on crime and rebuilding our own cities.

In response to the aforementioned threats—Somalia, Haiti, Bosnia—they have all been called wars. Indeed measured in terms of the cost of lives destroyed by drugs and national resources spent to fight illegal immigration, this is a war.

In California, for example, the financial impact of drug smuggling and illegal immigration is measured in billions of dollars in law enforcement, our prison systems, health care, and drug education program costs. There are those in Washington, DC, who believe that Congress should consider proposals calling for an increased use of military forces in border security roles.

This is not a reflection on the men and women in our Federal agencies engaged in border security, because obviously they are doing a tremendous job under tremendous stress. Theirs is a story of success in using to maximum advantage the limited manpower and resources provided by their nation. Nevertheless, the question we are asking today is what more can the U.S. military do to fight and win the war at the border?

Any consideration of increasing the role of the military in border security must address the Posse Comitatus Act. This act prohibits the use of Army and Air Force personnel to enforce the civil laws of the United States, "except in cases and under circumstances expressly authorized by the Constitution or an act of Congress," the same Constitution, by the way, that should have prevailed in all of these misadventures to Somalia, Haiti, and Bosnia.

Congress controls our armies and navies, not one single person who functions as the commander-in-chief once there is a declared war or a declared policy. As a matter of policy, this prohibition is also, of course, applicable to the Navy and its Marine Corps.

Another consideration is that, while Congress has already provided significant legal authority for the military to participate in drug interdiction and counter-drug activities, Congress has not yet codified a similar role for the military in enforcing immigration law.

This lack of legal authority precludes the funding and the forces provided for counter-drug activities to be used to fight illegal immigration even when the two missions are fully compatible and carried out by the very same personnel.

Finally, we must weigh carefully the effects of adding major missions to the military and increasing the number of military personnel employed in the war to secure our borders against the need to maintain military readiness, quality of life, and forces already stressed by the extremely high pace of operations.

There is no question that the U.S. military has the equipment, the personnel, and the professional expertise to make a difference—I add to my remarks—a big difference in the battle to protect our borders. This has been proven repeatedly by the demand for their services by our local law enforcement and Federal border security agencies. Although the military offers many advantages, we must carefully examine all the aspects of the issue.

However, until we as a Nation recognize that the flow of illegal drugs and illegal immigrants across our borders is a direct threat to national security, and until we dedicate the effort and the resources necessary to fight this direct threat, including U.S. military forces, we could only expect to continue to pay a high price in lives, in dollars, tension on our streets, going to bed to the sound of gunfire in some communities like this beautiful all-American city of Santa Ana, and the disaster for our children in the neighborhoods.

Before I introduce our panel members, I would like to know if my vice-chairman, Mr. Pickett, has any opening remarks.

**STATEMENT OF HON. OWEN B. PICKETT, A REPRESENTATIVE
FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY
PERSONNEL SUBCOMMITTEE**

Mr. PICKETT. Thank you, Mr. Chairman. I appreciate being here today in your beautiful congressional district in California, and it is, indeed, something of which I know that you are very proud, your congressional district and its beauty. I wish I had more time to spend.

I have some remarks that I am going to submit for the record, but the issue of the security of U.S. borders is one that is a fundamental issue, really, of the National Security Committee, and I am very pleased that you have seen fit to hold this field hearing in a location where it is accessible to a lot of people who have an interest in this issue and whose lives are daily impacted by the consequences of not doing as good a job as our Nation is capable of doing in ensuring the security of our borders.

So, I look forward to the testimony of our witnesses, and I will further explore this issue when I have the opportunity to question them.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Pickett follows:]

OPENING STATEMENT



HON. OWEN PICKETT
before the
Subcommittee on Military Personnel

Hearing on the Use of Military Personnel to Increase
Security of U.S. Borders

Santa Ana, California
Friday, March 15, 1996

THANK YOU MR. CHAIRMAN. SOME OF THOSE
STATISTICS YOU REFERENCED IN YOUR OPENING
STATEMENT ARE INDEED DISTRESSING. THE THREAT OF
DRUG SMUGGLING AND ILLEGAL IMMIGRATION TO OUR
NATION IS A DAILY REALITY FOR THE MEN AND WOMEN OF
THE AGENCIES ASSIGNED TO PROTECT OUR BORDERS. MR.
CHAIRMAN, AS YOU POINTED OUT, THEY DO A TREMENDOUS
JOB CONFRONTING A CHALLENGE THAT GROWS EVER
LARGER WITH RESOURCES AND BUDGETS THAT ARE
ALWAYS STRUGGLING TO CATCH UP WITH THE THREAT.

MR. CHAIRMAN, REGARDLESS OF HOW WE MAY TRY TO
STAY WELL INFORMED IN WASHINGTON, I AM NOT SURE WE
CAN APPRECIATE THE PROBLEMS THAT DRUG SMUGGLING
AND ILLEGAL IMMIGRATION CAUSE THE COMMUNITIES ON

OUR BORDERS AND COASTAL AREAS. ONE OF THE VALUES OF FIELD HEARINGS, SUCH AS THIS, IS THAT WE HAVE THE OPPORTUNITY TO HEAR DIRECTLY FROM THE PEOPLE INVOLVED IN THE COMMUNITY.

THE IMPACT OF DRUG SMUGGLING AND ILLEGAL IMMIGRATION ON THE AMERICAN PEOPLE LIVING IN THE SOUTHWEST IS SEVERE. THERE IS NO QUESTION THAT THE QUALITY OF LIFE FOR THOSE WHO LIVE ALONG THE BORDER IS APPRECIABLY DEGRADED BECAUSE OF THE BORDER SECURITY PROBLEMS. I BELIEVE THAT PEOPLE LIVING IN OTHER BORDER AND COASTAL AREAS ARE ALSO EXPERIENCING SIMILAR PROBLEMS.

HOWEVER, THE BURDEN FOR MAKING OUR BORDERS MORE SECURE SHOULD NOT FALL ONLY ON THE PEOPLE WHO LIVE THERE. THE SECURITY OF AMERICA'S BORDERS ARE THE RESPONSIBILITY OF THE FEDERAL GOVERNMENT. WE, AS A NATION, MUST COMMIT THE RESOURCES THAT ARE NECESSARY TO FIND THE NEEDED SOLUTIONS.

MR. CHAIRMAN, I LOOK FORWARD TO THE TESTIMONY FROM OUR WITNESSES. I KNOW THE EXPANDED USE OF THE MILITARY IN BORDER SECURITY ROLES WOULD OFFER MANY ADVANTAGES, BUT, LIKE YOU, I AM CONCERNED ABOUT THE READINESS OF OUR MILITARY FORCES AND THE QUALITY OF LIFE FOR SERVICE MEMBERS AND THEIR FAMILIES. WE MUST ALSO BE SENSITIVE TO THE PROHIBITION ON USE OF THE MILITARY NOT BE USED TO DIRECTLY ENFORCE CIVIL LAWS INSIDE THE UNITED STATES. THIS IS A PRINCIPLE THAT WAS FIRST INTRODUCED IN THE POSSE COMITATUS ACT DURING RECONSTRUCTION AND WE MUST APPROACH ANY MODIFICATION OF THE LAW WITH CAUTION.

THANK YOU, MR. CHAIRMAN.

Mr. DORNAN. Thank you, Mr. Pickett.

There is a little personal story I wanted to add because of General McCaffrey becoming the Director of National Drug Policy.

People who follow politics know that, at great harm to my own political race in 1988 and 1992, I covered the country for Vice President and then President George Bush, and after his big victory in 1988, he asked me if there was any job I was interested in in the U.S. Government, and I said, well, there are very few cabinet positions that are as important as being a Senator or being a Congressman, and they are limited to a single focus on an issue, generally, or a series of issues under an umbrella; and I said I like the job of the U.S. Member of Congress being able to fight in many causes on many battlefronts, and I said there is only one job I would consider, and it is the drug czar job.

I am talking 8 years ago this coming November, and he said why would you want to do that? That is how I got to know Vice President Bush. He was given the command, as the Vice President, of the South Florida Task Force, back in the 1981 period, when we were spending \$1½ billion instead of \$14½ billion. And I said because I have five children, and I do not know why any of them did not have any horrible experience with drugs.

I do not know what I did right, and I feel I owe God, and I owe life a payback; and I said we have just had our first grandchild—this was 1981. Now, we have 10, Sally and I, and I said you would have to move this job up to cabinet level.

I will think about it, but I do not think I will do that.

It is bipartisan.

Charlie Rangel, Owen, was then head of the Select Committee on Narcotics Abuse and Control, and I made a speech on the House floor saying that this had to be a cabinet-level position.

I sent it to Mr. Bush, and the Vice President sent it back and said, well, it looks like a great idea, I will think about it. When the time came, he said no. He offered it to Bill Bennett, who took it, former Secretary of Education.

He had it for only 11 months, declared victory, and I think left the battlefield in no better shape than it had been when he joined it, but he wanted to get out of it; he saw it as an insoluble position. It has gone to several people since.

Now, President Clinton comes into office, cuts the White House staff from 146 to 25, guts it, but puts a terrific police chief from Detroit, Houston, and a third big city, Lee Brown, puts him in there with no resources, guts the budget, and says do something, and for 3 years, neglect.

Now we are in an election year, and he puts in the two-star general, the star of the point of the sphere of Desert Storm, the 24th Infantry Division, Mechanized. I mentioned all his decorations in Vietnam.

He goes up to the Joint Chiefs of Staff, becomes the Chief of Staff of the Joint Chiefs. Then he goes up to four-star, becomes the southern command CINC, the commander-in-chief of one of our combat commands, headquarters in Panama. He sees this problem firsthand. He becomes an expert on it. It takes up most of his time as a four-star CINC down in the canal zone, and suddenly, Clinton does what I asked Bush to do 11 years ago. He raises it to cabinet-

level and restores the White House from 25 back up past 146 to 150 people. He has added \$250 million to the budget staff for General McCaffrey. Where is it coming out of?

The defense budget, Owen. We are going to have to carve that out of operations or procurement or modernization of our weapons systems, but that is how long my interest has been in this issue and what I think is necessary, and General McCaffrey may be a godsend.

He has taken on one heck of a tough problem.

So, let me get from that to our first panel.

I would like to welcome—first, let me say that the objective of this panel is to determine the scope of the illegal immigration and drug smuggling problem, not going to be happy news, the current role of the military personnel, which is good news, and the impact of border security issues on local law enforcement.

The witnesses include—and let me say something at this point. I was prepared to extend a special welcome to Sheriff Oren Fox of Imperial County, spent 2 hours a couple of weeks ago with him down on the border. He has a great team down there, and he has been working this problem for three decades. He was kind enough to sponsor my staff and I during that trip to the border, but our change in the starting time for the hearing caused a conflict with Sheriff Fox's schedule.

So, fortunately, Captain Michael Hackett from the Imperial County Sheriff's Department is attending in the place of Sheriff Fox.

Captain Hackett, thank you for being here, appreciate it, and please express all our best wishes to Sheriff Fox for his extreme dedication in this struggle.

At the captain's left is Mr. Richard Gorman, Associate Special Agent in Charge of the Los Angeles Field Division of the Drug Enforcement Administration.

Mr. Johnny Williams is Chief Patrol Agent, San Diego Border Patrol sector, U.S. Border Patrol. They tell me in Texas it is the second-most active on our American border. I know it is the first. I want to give the Texans their due.

Col. Richard R. Babbitt is the Deputy Commander, Joint Task Force Six, Department of Defense.

Thank you for the superb briefing in my office the other day, and I was, truthfully, dazzled by what Task Force Six has put together and what you have done in such a short period of time, and I wish we had, for even this limited audience—or if it were covered on cable television—all the charts and graphs, the hard copy that you showed me the other day. It is an amazing story.

So, gentlemen, if you have prepared statements and you want to read them in full, please do so. If you want to abbreviate them, I will put the full statement in the record.

We will start with you, Captain Hackett, because you are in place of what would have been our senior person here.

STATEMENT OF CAPT. MICHAEL HACKETT, IMPERIAL COUNTY SHERIFF'S DEPARTMENT

Captain HACKETT. Thank you very much, Congressman Dornan. It is a particular pleasure for me to be here today. I have enjoyed

your radio show on KFI, although quite candidly, I am not as enamored with your replacement host, Rush whatever-his-name-is, as I am with your show.

Mr. DORNAN. He is doing very well. He is doing very well.

Captain HACKETT. Sheriff Fox has asked me to read a statement into the record for your committee this afternoon.

I am Sheriff Oren R. Fox of Imperial County. Our county is one of only two California counties that share a common border with the Republic of Mexico. Our borders extend 80 miles from the Colorado River at Yuma, Arizona, to the mountainous areas of eastern San Diego County. Almost all is desert terrain, 4,650 square miles. During the 30-plus years that I have been a law enforcement officer in Imperial County, there has always been an illegal alien and drug smuggling problem. Since we have a sufficient local worker pool available just across the international border in Mexicali, Baja, California, illegal entrants do not stay in our county very long. They usually head for work areas to our north in Los Angeles, the central valleys, and beyond. The United States Border Patrol has suffered significant cutbacks in our area as the number of illegals have increased in the San Diego County area and other areas to our east in Arizona and Texas. Operation Hold The Line and Operation Gatekeeper have taken more and more of the Border Patrol's assets to try and plug the gaps where thousands come across daily. As illegal immigration and narcotic smuggling has increased, our problems have increased.

The six southern California county sheriffs of Los Angeles, San Bernardino, Riverside, Orange, San Diego, and Imperial met in 1988 to share concerns about illegal immigration, crime, and smuggling of narcotics across our southern border.

Together with the California National Guard, the six sheriffs committed officers to attempt to stem the flow of illegal drugs into our state.

That effort, known as Border Ranger I, ended shortly after it began in October of 1988, after eight officers and guardsmen lost their lives in the mountainous area separating San Diego and Imperial counties along the international border in a helicopter crash.

As law enforcement officials, each of the six sheriffs remained committed to addressing the continual flow of illegal aliens and illegal narcotics into our state. We formed Border Ranger II. The Federal Government joined our effort with the United States Border Patrol and United States Customs coming on board in our combined effort. Later, we were joined by DEA, California Bureau of Narcotics, and others. The three-week effort was supported by the El Paso, Texas-based Operation Alliance and was an unqualified success, with numerous arrests for guns, drugs, and illegal aliens.

So committed were the six sheriffs that a regional border alliance group was formed, and all Federal, state, and local agencies with a drug interdiction and investigative nexus bonded together in a concerted effort to find ways to address the problems of illegal immigration and drug smuggling which by now was largely intertwined with major drug smuggling organizations using illegal aliens to smuggle large quantities of marijuana and cocaine across our borders and move them to Los Angeles for redistribution.

By 1992, Imperial County became known as the Cocaine Corridor, when thousands of pounds of cocaine were being smuggled into our county each year at POEs and between the ports of entry, across the barren deserts to the L.A. metropolitan area. In 1993, with the assistance of the Office of National Drug Control Policy (ONDCP), the United States Attorney for the Southern District and Joint Task Force Six, the Army National Guard, and 17 different agencies of Federal, state, and local law enforcement, we began to address the cocaine problem. In the spring of 1994, we began to formulate a plan to deal with illegal immigration and illegal drug trafficking. It became known as the Imperial Valley Project, and on 10 October 1994, with the help of ONDCP, U.S. Attorney Alan Bersin, and Attorney General Janet Reno, we began the task of putting military observation posts and listening posts along the international border in Imperial County and eastern San Diego County. We beefed up overtime for an understaffed Border Patrol sector, and assigned additional highway patrolmen and deputy sheriffs on highways, county roads, and desert areas. Through a coordinated, planned tactical operation supported by good intelligence and prosecution, we have been successful in turning the tide of illegal drugs coming through Imperial County.

As Operation Gatekeeper in San Diego County drew tighter and tighter and hundreds of Border Patrol agents added to the area west of us, we began to experience a considerable increase in illegal aliens entering through our county area from Mexico. Many are from South America, Central America, and from Mexico. The numbers

continue to increase, and many pay the smugglers back by backpacking 20 to 40 pounds of cocaine or marijuana across the border and depositing the illegal narcotics at a pre-designated drop spot to be picked up by other members of the drug trafficking organization.

This has become more prevalent in recent months along our border. Illegals and their smugglers have damaged ground sensors, scrambled their signals, dug them up, created diversions to occupy the Border Patrol to allow smuggling operations to take place at another spot along the border area. The Border Patrol, with its present staffing levels, cannot do the job alone. They must rely upon the Army National Guard and forces from Joint Task Force Six to be the eyes and ears to assist them.

Today, we continue the effort with the specialized enforcement operation, but in order to sustain the operation, we must have assurances of a stable, reliable force to assist the U.S. Border Patrol.

The National Guard counter-drug and active-duty military forces of JTF-6 can best deliver that stability. I urge you to consider the military forces, active and reserve, to provide the additional manpower support to ensure a safe, secure border for all of our citizens. They possess the leadership, discipline, and training to get the job done.

Thank you for your consideration in this vital matter.

Sincerely, Oren R. Fox, Sheriff-Coroner.

Sheriff Fox does not mention that we do not have a drug problem in Imperial County; Congressman. Our problem is that we are the major highway, and what is happening in our county is affecting Detroit and Seattle and Los Angeles.

What is going through our county is destroying the inner-cities and destroying the quality of life of the entire Nation.

I would suspect that, probably, as we speak right now, the Detroit Police Department has more patrol cars on the street than we have employees at the Sheriff's office.

We are kind of the front-line of defense along the border region for what is impacting cities like Detroit and Chicago.

We are very sparsely staffed, we are very sparsely resourced, and the military forces have become a very strategic and significant asset to our operations. They have functioned for us as a force multiplier.

By essentially showing the flag along the international border, that has given us the opportunity to close off lines of communication coming across the border and delivery.

Using the military in this capacity, in many respects, is a magnificent training opportunity for our active-duty and National Guard components.

Our terrain—I am sure you are all aware—many of the typical war movies are made down in our desert area, we replicate Afghanistan, we replicate the Middle Eastern desert areas.

Our military forces have used our training areas since the early 40's. The border area is an opportunity for them to practice their professional soldiering skills and enhance our law-enforcement capacity.

Mr. DORNAN. Before General Patton developed the tactics of what was to become the First Armored Division—I am wearing their pin till we get them back from Bosnia—Cary Grant beat the thugs in "Gunga Din" in that area, and Humphrey Bogart, later, in "Sahara" worked in that area, too.

Most people do not understand how much they have seen of your county, thanks to the Hollywood silver screen.

Captain HACKETT. Yes, sir. I have seen columns of Nazi tanks crossing the desert sand dunes on Interstate 8. Thankfully, it was filming "Rat Patrol."

Mr. DORNAN. I was down there for that.

Captain HACKETT. Yes, sir. It is a magnificent training site in many respects to enhance the soldier skills of our active component soldiers.

Perhaps one of the more important roles of using the military in an enhanced capacity on the border is that it demonstrates a national will to address this problem.

We are one of the few nations in the entire world whose borders are largely unsecured. That certainly comments to the rest of the world how important these issues are.

The use of the military demonstrates a national spine and a national will that is an unmistakable signal to not only the drug-trafficking organizations but international terrorists and any other group of people that view our borders with envy.

The military enhances the law-enforcement delivery of services. They are, as I mentioned before, a force multiplier for us, and there is a role that largely goes unrecognized that the military plays.

We are talking primarily about supply-side narcotics activity now. There is a demand side that the military demonstrates a role in, as well. Going back into the turbulent early 1970 period, the military, like the rest of the nation, had their own drug problems.

The military forces, both active and reserve components, are almost exclusively drug-free. There is a statistical blip occasionally, but the military component are the young men and women who are demographically most at risk for drug abuse in our society.

They are demonstrating to the American people that these young men and women can be drug-free. That is a magnificent role model for all the kids that are growing up in schools in Santa Ana and El Centro.

Mr. DORNAN. Yes, sir.

Captain HACKETT. We talk about the Posse Comitatus Act of 1871. It was a magnificent piece of legislation to deal with the incredible pain of reconstruction.

Probably one of the most turbulent times in American history was the rebuilding of the United States after the Civil War.

There were excesses during the war, there certainly were excesses after the war, and the military was forced into that role.

When we broke our swords at the cessation of hostilities, we did not forget the pain across the lines, and we abused one another, and the Posse Comitatus Act of 1871 was passed to address some of those flagrant abuses.

Perhaps that time has passed. Perhaps the Posse Comitatus Act needs to be attenuated to some degree.

I am not suggesting to this committee today that the military needs to take the role of civil law enforcement by any means, but we need to apply a certain amount of common sense to the Posse Comitatus Act.

It is very difficult for our active-duty component, for example, to perform some of the functions that we need just merely to assist us.

For example, I understand that the military forces cannot fly narcotics out that we seize unless we have a law-enforcement officer on-board the aircraft.

Absent a chain-of-evidence kind of issue, we seem to tie that to the antiquated law of 1871. I do not see that the pilot and crew chief of a Black Hawk helicopter is usurping civil authority by acting as a stevedore on our behalf.

Mr. DORNAN. In other words, applying laws that applied mainly to human beings and their interaction to contraband.

Michael, let me take the testimony of the others and come back. You are already anticipating my first three questions, you partially answered here.

So, I appreciate getting the others on the record here, and then we will come back to you and start off with questioning of you from Mr. Pickett and myself.

Captain HACKETT. Thank you, Congressman.

Mr. DORNAN. You bet.

Mr. Gorman, I often refer to the DEA as my favorite agency, because when it was starting up, it took in so many Vietnam veterans who had fought so hard for the cause of freedom and were still being slandered and libeled by the dominant media culture and found further service for their country in this conflict against drugs.

So, please, Mr. Gorman, your testimony.

STATEMENT OF RICHARD GORMAN, ASSOCIATE SPECIAL AGENT IN CHARGE, LOS ANGELES FIELD DIVISION, DRUG ENFORCEMENT ADMINISTRATION

Mr. GORMAN. Thank you. It is also my favorite agency, as well.

I am very pleased to have this opportunity to discuss with you today the impact of the international narcotics situation on the national security of our country.

As the Associate Special Agent in charge of the Drug Enforcement Administration's Los Angeles Field Division, I will limit my remarks to the issues directly relating to drug law enforcement in the southern California area and the serious challenges our Nation faces from organizations in Mexico.

These organizations have expanded their role in the international drug trade. Not only are they major transporters of Colombian cocaine and heroin, but now they are deeply involved in methamphetamine production and trafficking.

I believe that the solutions we as a Government need to pursue, at least as far as supply reduction, require the assistance of the U.S. military.

DEA and other law-enforcement agencies currently receive extensive Department of Defense support for many of our operations.

DOD's support to DEA runs the gamut from temporary-duty intelligence analysts, special operations trainers, logistics support, including short-notice air-lifts of vehicles involved in controlled deliveries, and extradition of key cartel leaders.

The Department of Defense has helped DEA and other law-enforcement agencies establish secure communication networks and has developed very effective planning and intelligence groups to assist our ongoing enforcement operations worldwide.

On any given day, some 3,500 Active Reserve and National Guard soldiers, sailors, airmen, and marines are at work in support of law-enforcement agencies across the country. These personnel

support cargo container inspections, help translate intercepted trafficker communications, and help maintain law-enforcement databases, to name but a few of the support functions. I would say without hesitation that the Department of Defense's support to DEA is excellent. With Department of Defense's involvement in the counter-drug mission, however, come limits.

DOD was allowed to detect suspect vessels and flights but not to interdict them. That was law enforcement's job. DOD was directed to help train host nation counter-drug units but not to accompany them on raids. Again, that was law enforcement's job.

DEA used to be accused of going after powder on the table, a practice that we abandoned in favor of going after the organizations who are responsible for putting the powder on the table.

Ideally, interdiction assets should be targeted or cued against particular shipments of cocaine that are the subject of active investigations.

Again, the end result is an organization, not a substance.

The law-enforcement community became aware of certain DOD capabilities that, for the most part, were entirely beyond our ability or budget to duplicate. These include special operations, intelligence, and logistics support of the military. Special operations capabilities brought law enforcement to new levels overseas.

Under DEA guidance, they trained police forces throughout the world, they assisted in investigations by providing specific operational and intelligence support, and most importantly, have proven to be mature, capable, professional soldiers who have always unselfishly helped us accomplish our mission. DOD intelligence capabilities brought law-enforcement agencies, traditionally dependent on informant reporting and wire-taps, into the world of signal intelligence and other national assets.

DOD logistics systems were able to move personnel, evidence, and equipment quickly, loan us items we urgently needed, such as night-vision goggles and helicopters, and helped maintain in all, something we in law enforcement were not economically able to accomplish.

DOD has shown a willingness to shift assets to meet our requirements, when possible, but due to changes in priorities and budgets, many of these things are not possible.

The willingness to support DEA has manifested in numerous examples. One very obvious success we have achieved was Operation BAT, based in the Bahamas. Just 5 years ago, the Colombian cartels were using the island chain of the Bahamas, Turks, and Caicos to transport their drugs into Florida. Thanks to outstanding support from the U.S. Coast Guard and both conventional and special operations troops, there has been a significant reduction of drugs coming through that area.

DEA appreciated and welcomes the support of the U.S. military to defeat these criminal organizations that are destroying the quality of life in our community.

There is no question that the international drug trafficking organizations operating in Colombia and Mexico have had a direct impact on the multi-ton quantities of cocaine law enforcement is forced to deal with today. These organizations have proven to be a serious threat to both the United States and Mexico.

In recent years, as the political and economic ties between the United States and Mexico have strengthened, a new generation of international traffickers have been able to carve out an ever-larger share of the world's drug trade and pose a growing threat on both sides of the border.

We have observed these trafficking organizations grow from low-level smuggling groups to sophisticated organizations that now transport and distribute significant quantities of drugs—cocaine, heroine, marijuana, and now methamphetamine—into the United States.

These Mexican organizations are increasingly demanding a percentage of the drugs, a move that could prove to be an undoing to the Cali Mafia and could potentially shift the balance of power within the worldwide cocaine trade.

Within a few years, it is entirely possible that these newly-emerging groups could rise to an equal or superior footing with the Cali Mafia. If this happens, life as we know it in both the United States and Mexico will change dramatically.

These groups care little for the devastating impact they have on the people of Mexico and the United States.

The President of Mexico, Ernesto Zedillo, has publicly stated to the American media that drug trafficking is a threat to Mexican national security, not only because of the crime that is inherent in such activity but also because of the growing wealth that enables traffickers to corrupt police and government institutions.

As these organizations grow in wealth and sophistication, they threaten to overwhelm the capabilities of law-enforcement systems, including Mexico.

By comparison, we have a professional law-enforcement system in the United States at the Federal, State, and local level that promotes and encourages high standards in recruitment, training, internal inspection, standards of operations, and accountability to elected officials.

We have a criminal justice system that is quick to respond to charges of unethical or corrupt actions on the part of law enforcement. It has helped to professionalize our law-enforcement agencies and ensure a continuing quest for ethics and integrity.

Despite our best efforts, unethical or illegal activities do occasionally occur within the ranks of our law-enforcement agencies, requiring swift and decisive government action to preserve the public's faith and trust.

As a society, we provide modern and sophisticated resources to our law-enforcement agencies to combat the criminal elements confronting them.

The law-enforcement institutions in Mexico do not presently have an infrastructure similar to those in the United States. The development of such institutions will require a substantial commitment of time and resources to achieve the necessary level of professionalism. The potential exists that, if this is not done, they may be overwhelmed by the wealth and influence of the drug organizations.

It is imperative that we work with our partners in Mexico to blunt the influence these drug traffickers are having in both our countries. It is imperative that our Federal, State, and local law enforcement continue to work cooperatively together to make the

best use of our resources, as well as to increase our impact on these trafficking organizations.

Surely, when we speak of tons of drugs coming across our borders and causing tremendous damage to the health and well-being of our citizens, we are talking of a national security threat that demands our immediate and continuous attention.

DEA is hopeful that future counter-drug efforts with Mexico will be successful.

Mexico has instituted new programs that include attempts to professionalize its law-enforcement institutions and increase cross-border cooperation to address the threat of the international traffickers.

The threat is serious and it is real and we must deal with these international criminal elements. The problem of international drug trafficking is extremely challenging for the United States and other nations to address.

DEA stands ready to assist other nations as we meet the challenge together, recognizing that our obligation is to the American people, many of whom are victims of drug crimes which have international dimensions. We are working at home and overseas to identify targets and dismantle drug-trafficking organizations.

To be successful, these efforts require the continued support and cooperation of other Federal, State, local, and military assets.

Thank you for allowing me to make my comments. I have a prepared statement that I would like included in the record.

Thank you.

[The prepared statement of Mr. Gorman follows:]

**Statement of Richard Gorman
House Committee on National Security
Subcommittee on Military Personnel
Santa Ana, California
March 15, 1996**

I am very pleased to have the opportunity to discuss with you today the impact of the international narcotics situation on the national security of our country. As the Associate Special Agent in Charge of the Drug Enforcement Administration's Los Angeles Field Division, I will limit my remarks to the issues directly relating to drug law enforcement in the Southern California area and the serious challenges our nation faces from organizations in Mexico. These organizations have expanded their role in the international drug trade. Not only are they major transporters of Colombian cocaine and heroin, but now they are deeply involved in methamphetamine

production and trafficking.

A Nation Changed by Drugs and Violence

As we are all aware, violent crime has changed the face of America. A vast majority of the violent crime in our country is directly attributable to the drug trade, much of which is controlled outside of our borders. For the first time in our history, we need to look outward towards other countries to find the individuals who are ultimately responsible for the deaths and violence plaguing our communities. This fact alone immeasurably complicates our efforts to address the drug and crime problem in 1996.

It is impossible for the Drug Enforcement Administration to separate drug trafficking into purely domestic and international categories. For us, the drug trade is a seamless

continuum in which all aspects of the trade are interdependent upon each other.

With an intelligence apparatus that rivals that of some nations, with a global system of sophisticated communications, with a fleet of aircraft, boats and other vehicles at their disposal, and with a ready army of home-grown drug gangs in the United States, the Cali mafia has been able to dominate the world cocaine market and is responsible for the drug violence which has eroded so many communities in our country.

As you know, last summer six of the top seven Cali drug lords were arrested by the Colombian National Police. This was a major blow against the Cali mafia. However, Jose Santacruz-Londono escaped from prison in January, 1996 after DEA received assurances that the prison security was adequate. Just last week, the Colombian National Police

located Santacruz-Londono, and during their attempt to arrest him, he and a bodyguard were killed in a shootout. The Colombian National Police are to be commended for their actions against the Cali mafia, and their unrelenting efforts to recapture Santacruz-Londono. However, there is still great concern that insufficient security measures are in place to ensure the continued incarceration of the other Cali leaders who are still in prison. And, one major Cali leader, Pacho Herrera, has still not been arrested.

We believe that the effect of the arrests of the Cali leaders will have a positive effect in breaking up a drug mafia that had operated with impunity for so long. But much depends upon the future fate of the Cali leaders and whether they will receive and serve meaningful sentences, and who fills the void left by the Cali drug lords if they are put out of business.

The influence of the Cali mafia poisoned Colombia—is evidenced by the arrests of the Minister of Defense, and current charges against Colombia's President. But their influence quickly spread to other countries. During the mid to late 1980's, the Cali mafia forged an alliance with polydrug traffickers from Mexico to ensure that cocaine was transported and distributed in the United States. The trafficking organizations from Mexico, already proficient in marijuana and heroin trafficking, were able to begin cocaine trafficking on a large scale. In the early stages of this partnership, the traffickers from Mexico were paid in cash for their services, but as the partnership solidified, the Cali mafia began providing traffickers from Mexico with cocaine loads of their own. Within the past several years, these organizations—the Gulf Cartel, the Juarez cartel and others operating under the umbrella of the

"Mexican Federation" have become formidable traffickers in their own right.

There are a number of trafficking groups in Mexico that have gained a firm foothold in the trafficking of drugs, but I'd like to take a moment to describe the four major drug trafficking organizations that work closely with the Cali mafia:

Tijuana Cartel

The organization sometimes referred to the "Tijuana Cartel," is headed by Benjamin Arellano-Felix and his brother Francisco. They control most of the drugs crossing the border on the West Coast between Tijuana and Mexicali.

Feuding between this group and other organizations has become increasingly violent. In fact, it was the feuding between the Arellano-Felix organization and rival drug

dealers that led to the killing of Catholic **Cardinal Juan Jesus Posadas-Ocampo** at the Guadalajara airport in 1993.

The Arellano-Felix brothers are currently the subjects of a nationwide manhunt by law enforcement authorities for their involvement in the Cardinal's killing. On June 23, 1995, Mexican authorities arrested **Hector Luis Palma-Salazar**, the leader of a rival drug organization that is believed to be behind the attempted assassinations of the Arellano-Felix brothers, as well as the murder of Cardinal Posadas-Ocampo. Benjamin and Francisco Arellano-Felix have both been indicted in San Diego, California, and are DEA fugitives.

The Caro-Quintero Organization

The Caro-Quintero organization is involved in the

cultivation, processing, smuggling and distribution of heroin and marijuana and the transportation of Colombian cocaine into the U.S. This organization was previously led by **Rafael Caro-Quintero**, known as the "Mexican Rhinestone Cowboy," who began his criminal career at the young age of 12 or 13 as an apprentice to Pedro Aviles, a notorious Mexican drug trafficker.

Caro-Quintero is currently in a Mexican maximum security prison for his involvement in the kidnaping, torture and murder of DEA Special Agent Enrique Camarena, as well as for marijuana and cocaine trafficking. His brother, **Miguel Caro-Quintero**, now runs the organization, and is under indictment in Tucson and Denver.

Juarez Cartel

One of the most notorious and powerful of these trafficking organizations is the **Amado Carrillo-Fuentes** organization, sometimes referred to as the "Juarez Cartel." Carrillo-Fuentes has been the chief transporter for the recently arrested Cali mafia leader **Miguel Rodriguez-Orejuela**.

Carrillo-Fuentes owns several airline companies, which enables him to fly 727s from Colombia into Juarez, where he runs his organization from his ranch headquarters. Increasingly, murders in Juarez have been associated with Carrillo-Fuentes. Last July, the leader of the juvenile gangs he recruits to smuggle drugs across the border was found shot 23 times in the head. Here in the United States, Carrillo-Fuentes has been indicted in Miami on heroin and marijuana charges, and in Dallas on cocaine charges.

Juan Garcia-Abrego

Another influential Mexican trafficker acting in concert with the Cali mafia is **Juan Garcia-Abrego**, who is involved in smuggling drugs from the Yucatan area in Mexico to South Texas and up to New York. Juan Garcia-Abrego, who was on FBI's top ten most wanted fugitives, has been arrested in Mexico.

This organization transports large quantities of cocaine for the Cali mafia, as well as marijuana and heroin for other traffickers. Garcia-Abrego pioneered deals in which Mexican traffickers take payment in cocaine, which substantially raised their profits, and at the same time diversified their involvement from beyond smuggling to the role of suppliers to their own drug distribution networks. He and his organization are notorious for the violence they employ to further and protect their illicit trade.

He also ships bulk amounts of cash for the Cali mafia.

During a four-year period, from 1989 to 1993, \$53 million was seized in connection with the Garcia-Abrego organization. Two American Express bankers in Brownsville, Texas, were indicted for laundering \$30 million for Garcia-Abrego, and to date, 70 members of his organization have been prosecuted and convicted in the U.S. Juan Garcia-Abrego has been indicted in Houston, and has been arrested in Mexico.

Expanding Influence: Cocaine and Methamphetamine

DEA is very concerned about the expanding role of drug organizations based in Mexico which are playing an increasingly larger role in the shipment and distribution of cocaine and methamphetamine to the United States, especially in California.

Cocaine

In the last few years, we've seen international trafficking organizations make major changes in their efficiency in transporting bulk shipments of cocaine to transporting organizations in Mexico. Traditionally trafficking organizations used twin-engine general aviation aircraft to transport cocaine from Colombia to transshipment locations in Mexico and the Caribbean. Today, however, the Cali mafia has bought passenger jets—like 727's—gutted them, and are using them to transport multi-ton loads of cocaine to the trafficking organizations in Mexico.

Last March, for example, a Caravelle jet aircraft was seized in the Mexican State of Sonora, after being abandoned by traffickers when its tires became stuck in the dirt runway. Mexican Government forces later seized 2.8 tons of cocaine that are believed to have been off-loaded from that Caravelle.

Law enforcement has also uncovered two tunnels built to

move cocaine from Mexico into the United States. The first was discovered in Arizona in 1990. The second nearly-completed tunnel was discovered in 1993 near the Tijuana Airport and led to an unfinished warehouse in the United States.

METHAMPHETAMINE

DEA is very concerned about the growing role of trafficking gangs operating in Mexico involved in the methamphetamine trade. We directly attribute the increased amounts of methamphetamine available in the U.S. to these trafficking organizations which have replaced domestic outlaw motorcycle gangs as the predominant methamphetamine producers, traffickers, and distributors.

The trafficking syndicates have mastered the ability to

obtain the necessary precursor chemicals for methamphetamine production and are able to manufacture that drug in Mexico or in labs in California. Methamphetamine is a dangerous, cheap and plentiful drug which causes violence and quick addiction in users. In many places—California, Washington state, Oregon, Florida, Arizona, Texas, and increasingly in Georgia, Kentucky and Tennessee, methamphetamine trafficking has caused significant health and law enforcement problems.

Methamphetamine is fast gaining in popularity and that popularity is beginning to be reflected in devastating fashion by statistics now being generated from America's hospitals.

Dawn statistics show meth-related episodes have increased nationally by 145 percent in three years, between 1992 and 1994. The bulk of these deaths are in four U.S. cities: Phoenix, Los Angeles, San Diego and San Francisco.

In Phoenix alone, hospital episodes involving methamphetamine have tripled and the number of meth-related deaths has increased five-fold. Los Angeles has had a 71 percent increase in meth-related emergency room incidents and a 222 percent increase in meth-related deaths. Meth is now the number one cause of drug abuse overdoses in San Diego.

In 1995, DEA methamphetamine seizures increased 36 percent to a total of 958 kilograms, the largest total amount seized by DEA in a single year. This increase was due in large part to 306 kilograms of 97 percent pure methamphetamine seized in Las Cruces, New Mexico, the third largest DEA methamphetamine seizure.

As control over the illegal methamphetamine trade has passed from outlaw motorcycle gangs and independent meth cooks, primarily based in a few western states, to

international trafficking organizations, often based in Mexico, we have seen the skill and techniques honed by these international traffickers in the cocaine trade put to use in their growing control of methamphetamine distribution in the United States. We are seeing strong evidence that local drug gangs are being supplied by methamphetamine sources with direct ties to California and Mexico.

The dominance of Mexico-based, poly-drug organizations in methamphetamine trafficking is further evidence of their growing sophistication. The smuggling skills developed while transporting cocaine for the Cali mafia has enabled these organizations to branch out into moving other contraband, such as precursor chemicals, especially ephedrine and pseudoephedrine, used in the manufacture of methamphetamine. Methamphetamine seizures along the 2000 mile border were up in FY 1995 to 439.4 Kilograms from

371.3 kilograms in FY 1994. In addition, Marijuana seizures also increased to 141,346.4 kilograms in FY 1995 from 103,327.9 kilograms in FY 1994.

It's difficult to predict where this newest surge of methamphetamine use and trafficking will lead, but we must not assume that it has peaked. Unlike other drugs, methamphetamine is one that these criminal organizations can control entirely from beginning to end. They have the international contacts to obtain the necessary precursor chemicals to make the drug. They have the clandestine labs to process the chemicals into methamphetamine on both sides of the border. They have expanded their distribution networks across the nation by the use and intimidation of illegal aliens. And, unlike their previous role as middle-men moving cocaine and heroin, they can keep 100 percent of the profits from their methamphetamine sales.

U. S. law enforcement may be in for a difficult and violent few years as we work to get the methamphetamine problem under control. We've already seen "meth" smuggling gangs face off against each other. Recently, in San Diego, a confrontation between meth smuggling groups with ties to Mexico resulted in 26 homicides. There may be more bloodshed on our streets, as these drug gangs fight to protect r drug turf. The same polydrug traffickers who flooded the U.S. with marijuana and heroin in the 1970's and 1980's, and cocaine in the 1990's, threaten to overwhelm us with methamphetamine now.

A Critical Time Ahead

We believe that this year will be a critical time for drug mafias around the world to solidify their position, and for our

government to make significant strides against the international drug trade.

We believe that the major drug gangs operating out of Mexico pose the largest threat currently. They have reached a level of sophistication which allows them to fill the void left by the Cali mafia leaders. Because of the way the Cali leaders ran their tightly controlled and highly structured business, it is unlikely that they have groomed a group of second-tier leaders who will control the business as the principal leaders have in the past. It is more likely that the Mexican gangs can circumvent the Colombian groups, obtain cocaine directly from groups closer to the source, increase production of methamphetamine, and possibly reinvigorate their heroin trafficking franchises.

In response to the threats of the Mexico-based trafficking organizations and their surrogate drug gangs operating here in

the United States, DEA has taken a number of steps to work with our law enforcement partners in Mexico, as well as with our Federal, state, and local colleagues here in California.

DEA has joined forces with the FBI in a **Southwest Border Initiative** that targets the major Mexican trafficking organizations for enforcement actions. Combined teams of state, local and federal law enforcement led by DEA and FBI Special Agents are working together with a common goal of disrupting these gangs and bringing their leaders to justice.

For the first time, the DEA, the FBI, the Department of Justice Criminal Division, and respective U.S. Attorneys in every state along the Southwest Border are coordinating both intelligence and manpower resources against a common enemy, the poly-drug trafficking organizations that are transporting increased amounts of cocaine, heroin, marijuana, and methamphetamine across our borders. Both DEA and the

FBI hold high expectations for the success for this operation. This initiative has been integrated with ongoing intelligence and operational programs to stop the flow of drugs across the U.S. border from Mexico. This initiative will integrate and utilize not only the federal government's programs on the Southwest Border but also combine teams of State and Local law enforcement agencies, led by DEA, FBI and the U.S. Customs service, with a common goal of dismantling these narcotics organizations.

Three new binational Border Task Forces have been established and will focus on the four principal trafficking organizations. Senior personnel of the DEA, FBI, and DOJ Criminal Division serve on a U.S./Mexican Plenary Group, working to enhance our cooperation against narcotics, money laundering, arms smuggling, and other crimes.

Role of the Military

I believe that the solutions we as a government need to pursue at least as far as supply reduction require the assistance of the U.S. military. DEA and other law enforcement agencies currently receive extensive support for our operations.

DOD support to DEA runs the gamut from TDY intelligence analysts to special operations trainers to logistics support, including short-notice airlifts of vehicles involved in "controlled deliveries," -and as in Pakistan, extradition of key cartel leaders. DOD has helped DEA and other law enforcement agencies establish secure communications networks and has developed very effective planning and intelligence groups.

On any given day, some 3,500 active, reserve, and National Guard soldiers, sailors, airmen and Marines are at work in support of law enforcement agencies across the country. These personnel support cargo container inspections, help translate intercepted trafficker communications, and help maintain law enforcement agencies databases—to name but a few things. I would say without hesitation that DOD's support to DEA is excellent. With DOD's involvement in the counterdrug mission, however, came limits. DOD was allowed to detect suspect flights and vessels, but not to interdict them. That was law enforcement's job.

DOD was directed to help train host nation counterdrug units—but not to accompany them on raids. Again, that was law enforcement's job.

DEA used to be accused of going after the “powder on the table”, a practice we abandoned in favor of getting the

people who put the “powder on the table.” Yet, here we had interdiction assets being used to go after “powder on the table”—and not very effectively.

Ideally, interdiction assets should be targeted—or cued—against particular shipments of cocaine that are the subject of an active investigation. Again, the end result is a person, not a substance.

The law enforcement community became aware of certain unique DOD capabilities that for the most part were entirely beyond our ability—or budget—to duplicate. These include Special Operations, intelligence and logistics support—the brains, eyes, ears, and backs, of the military.

Special Operations capabilities brought law enforcement to a new level overseas. Under DEA guidance, they trained police forces throughout the world. They assisted in investigations by providing specific operational and

intelligence support, and most importantly, have proven to be mature, capable, professional soldiers who have always helped us accomplish our mission.

DOD intelligence capabilities brought law enforcement agencies—traditionally dependent on informant reporting and wiretaps—in the world of SIGINT and National Assets.

DOD's logistics systems were able to move equipment quickly; loan us items we needed quickly, such as night vision goggles and helicopters; and help maintain it all—something we in law enforcement could not have economically accomplished.

DOD has shown a willingness to shift assets to meet our requirements when they can, but since so many things are budget-driven, this is not always possible.

This willingness to support DEA has manifested in numerous examples: One very obvious success we have

achieved is OPBAT. Just 5 years ago, the Colombian cartels were using the island chain of the Bahamas, Turks, and Caicos, to transport their drugs into Florida.

Thanks to outstanding support from the U.S. Coast Guard and both conventional and Special Operations troops—under the command of ACOM—there has been a significant reduction of drugs coming through that area. DEA appreciated-and welcomes-the support of the U.S. military to defeat these criminal organizations that are destroying the quality of life in our community.

Future Threats: An Assessment

There is no question that the international drug trafficking organizations operating in Colombia and Mexico have had a direct impact on the multi-ton quantities of cocaine

law enforcement is forced to deal with today. These organizations have proven to be a serious threat to both the United States and Mexico.

In recent years, as the political and economic ties between the United States and Mexico have strengthened, a new generation of international traffickers have been able to carve out an ever larger share of the world's drug trade and pose a growing threat on both sides of the border. We've seen these trafficking organizations grow from low-level smuggling groups to sophisticated organizations that smuggle more and more drugs of every kind—cocaine, heroin, marijuana, and now methamphetamine—into the U.S. They are increasingly being paid for their transportation expertise with cocaine, a move that could prove to be the undoing of the Cali mafia and could shift the balance of power within the worldwide cocaine trade.

In a few years down the road, it's entirely possible that these newly emerging groups could rise to an equal—or superior—footing with the Cali mafia. If this happens, life as we know it in both the United States and Mexico will change dramatically. They care little for the devastating impact they have on the people of Mexico and the United States.

The President of Mexico, Ernesto Zedillo, has publically stated to the American media that drug trafficking is a threat to Mexican national security, not only because of the crime that is inherent in such activity, but also because of the growing wealth that enables traffickers to corrupt police and government institutions.

As these organizations grow in wealth and sophistication, they threaten to overwhelm the capabilities of any law enforcement system, including Mexico. By comparison, we have a professional law enforcement system in the United

States, at the Federal, state and local level, that promotes and encourages high standards in recruitment, training, internal inspections, standards of operations and accountability to elected officials.

We have a criminal justice system that is quick to respond to charges of unethical or corrupt actions on the part of law enforcement. It has helped to professionalize our law enforcement agencies and insure a continuing quest for ethics and integrity. Despite our best efforts, unethical or illegal activities do occasionally occur within the ranks of our law enforcement agencies, requiring swift and decisive government action to preserve the public's faith and trust.

As a society, we provide modern and sophisticated resources to our law enforcement agencies to combat the criminal elements confronting them. The law enforcement institutions in Mexico do not presently have an infrastructure

similar to those in the U.S. The development of such institutions will require a substantial commitment of time and resources to achieve the necessary level of professionalism. The potential exists that if this is not done, they may be overwhelmed by the wealth and influence of the drug organizations.

It is imperative that we work with our partners in Mexico to blunt the influence these drug traffickers are having in both our countries. It is also imperative that our own Federal, state, and local law enforcement continue to work cooperatively together to make the best use of our resources, as well as to increase our impact on these trafficking organizations. Surely, when we speak of tons of drugs coming across our borders and causing tremendous damage to the health and well-being of our citizens, we are talking of a national security threat that demands our immediate and

continuous attention.

DEA is hopeful that future counterdrug efforts with Mexico will be successful. In the past year, Mexico has instituted new programs that include attempts to professionalize its law enforcement institutions and increase cross-border cooperation to address the threat of the international traffickers. The threat is serious and it is real and we must deal with these international criminal elements.

Conclusion: The problem of international drug trafficking is extremely challenging for the United States and other nations to address. DEA stands ready to assist other nations as we meet the challenge together. Recognizing that our first obligation is to the American people, many of whom are victims of drug crimes which have international dimensions, we are working at home and overseas to identify, target and

dismantle drug trafficking organizations.

Mr. DORNAN. We will put that in the record, Mr. Gorman.

Your great-grandparents probably took the "O" away from the front of your name, as mine did. Gorman is not an obvious Irish name to some, but I know its roots. So, on the eve of St. Patrick's Day, happy St. Patty's day to you, and to you, Michael. No matter where your heritage is, when you are stuck with the name "Michael" you have got to—

Captain HACKETT. My sister is Kelly, and St. Patty's is her birthday, Congressman, and my brother is Patrick.

Mr. DORNAN. OK. Patrick, Kelly, and Michael, and the sister born on the day. Oh, good heavens.

I want to ask you one question out of sequence, if my colleague will indulge me, because what you said about Mexico fascinated me, that they have not given the resources or the personnel or the infrastructure to this issue as much as their heart is in it, because it is destroying their country; and they are going down the Colombia track, and they missed being designated a rogue country by a very close call when Colombia was designated by the White House recently a brigand country for the narcotics corruption of their government system.

In Mexico, they have the parliamentary system—the Ministry of the Interior—unlike ours, where we think of Yellowstone, they have most of their security forces in the Interior. Is that where their Border Patrol is? Do they even have a Border Patrol like ours?

Mr. GORMAN. They do not have a Border Patrol such as ours. They have various other law-enforcement agencies and municipal, State, Federal agencies.

Mr. DORNAN. So, Tijuana police would take care of border security in their sector.

Mr. GORMAN. I would defer that question to Mr. Williams.

Mr. DORNAN. Go ahead and answer it now out of sequence.

Mr. WILLIAMS. Actually, Congressman, the people who are doing the most to help with security of the border are the Beta Group that you have heard of, a group of Mexico has responded, and in Tijuana, there are about 45 specialized officers who help us with violence on the border. Their border security is also buttressed up by their military.

Mr. DORNAN. That is like an ad hoc group. That is why I was going to Mr. Gorman. They do not have a drug enforcement agency.

Mr. GORMAN. They have a new organization that they have formulated in Mexico, and it has been in the last 2 years or so. They have gone into a high-intensity effort to professionalize, to educate, and to train agents to handle the drug problem in Mexico.

Mr. DORNAN. That would be similar to our FBI?

Mr. GORMAN. It would be the federal. Their federal judicial police would be one. They have a CENDRO, which is a center for narcotic enforcement.

Mr. DORNAN. How about customs?

Mr. GORMAN. Customs works principally on the border on entrance and exit of commodities.

Mr. DORNAN. Do they have a marine component out in the water along their coast?

Mr. GORMAN. The Mexican Navy has a number of vessels based in the ports that do handle some—

Mr. DORNAN. So, their navy takes care of that function. Do they have a coast guard, as such?

Mr. GORMAN. Well, it is kind of a combination of the coast guard and the navy that handles it. I think the closest-based naval section is in Insenada. They have a vessel based in Insenada that handles most of northern Baha, California.

Mr. DORNAN. I see why you said they have a long way to go to cope with the problem. We have the assets, we are a super-power, they are not. So, we should accept the greater responsibility.

Mr. Williams, if you would please give us your testimony as the Chief Patrol Agent of the San Diego Border Patrol Sector. How many miles long is your sector?

Mr. WILLIAMS. Sixty-six miles.

**STATEMENT OF JOHNNY WILLIAMS, CHIEF PATROL AGENT,
SAN DIEGO BORDER PATROL SECTOR, U.S. BORDER PATROL**

Mr. WILLIAMS. Mr. Chairman, Mr. Vice Chairman, let me say thanks, first, for inviting me here. I am very pleased to be here to discuss the San Diego sector's Gatekeeper strategy and its huge success that we have attained so far in controlling the borders.

I am also pleased to be here to describe the exceptional accomplishments our military partners have played in bringing these successes to the table.

I would like to start by saying thanks to both of you and fellow Congressmen who have worked diligently to provide us with the resources we have today and more on their way. They are long needed, and we absolutely could not have made the first step without it.

Mr. DORNAN. Duncan Hunter does tremendous work, does he not?

Mr. WILLIAMS. Yes, he does.

Mr. DORNAN. I want Owen, the next time Duncan walks behind him to come up on the full panel, to be able to say we heard good things about you, Mr. Hunter, and I did not know how he was slaving away until I went down there to your command post and heard that everything he was telling the rest of us was right on target, that he was not Chicken Little talking about the sky caving in, he was more like a Dutch boy with his finger in the dyke, to mix fables.

Mr. WILLIAMS. Well, let me say, too, that the Gatekeeper strategy is a strategy that is based on prevention through deterrence, and I have got to say that, last year, when we closed down last fiscal year, it has to go down historically as the most successful year we have in the entire history of the San Diego Border Patrol sector.

The challenge of the border enforcement in San Diego is unparalleled anywhere else on the 2,000-mile border we share with Mexico. Our 66 miles of border contains absolutely some of the most diverse territory you will ever see on the southern border. In the very first 14 miles, we go from sea level at Imperial Beach to 4,000 feet in just 14 miles, the challenge magnified by the sheer motivation of the illegal crossers that come to our sector.

Unlike many areas where a large number of the entrants are coming to cross only for local reasons, to seek work in the local area or the immediate area, our entries that come to San Diego have traveled from deep within the interior of Mexico and other Central American countries destined to seek employment in the interior of the United States.

For decades, the very favorite crossing point that they had with the Imperial Beach area, was the first 5 miles, from the Pacific Ocean to the San Ysidro port of entry. That first 5 miles accounted for more than 25 percent of all illegal entries coming into the United States.

Mr. DORNAN. The first 5 miles?

Mr. WILLIAMS. The first 5 miles.

Mr. DORNAN. From the ocean to the center point above Tijuana.

Mr. WILLIAMS. San Ysidro port of entry, 5 miles from the ocean, accounted for 25 percent of all illegal entries coming into this country.

Mr. DORNAN. For the entire 2,000 miles and the Canadian border?

Mr. WILLIAMS. For the entire 2,000 miles of southern border.

Mr. DORNAN. Oh, southern border.

Mr. WILLIAMS. Which is—virtually all of the illegal entries that we have do occur, of course—

Mr. DORNAN. By the way, that southern border is almost precisely 2,000. It is like 1,999 or 2,002 or something?

Mr. WILLIAMS. That is exactly right. It is very close to exactly 2,000 miles. Actually, 50 percent of all illegal migration came through the first 14 miles, but 25 percent of all illegal entries wanted to come through that first 5 miles.

Prior to Gatekeeper, that 5 miles was an absolute hotbed of chaos and crime, criminal activity.

Mr. DORNAN. Soccer Field is in that area.

Mr. WILLIAMS. Soccer Field is just past the 5 miles. We are at work there now, taking that way from them.

The strategy in Gatekeeper was a very simple one. We knew that the smugglers of aliens and illegal entries wanted to enter at Imperial Beach because it was very, very close to the freeways, very close to the urban areas, in some places only a couple-of-hundred-yard dash to the freeways.

They wanted to cover the residential areas. They wanted to mix in right away with the population.

All of these added to the fact that we had insufficient resources to meet this push really were all ingredients to make this their very favorite area.

Our plan was to enforce these first 5 miles and shift the movement of these potential entries eastward, where the border was not constrained, where it did not have the access to the roads, where it was open terrain, and the terrain actually became a tool to our enforcement officers.

Actually, we were putting the advantage in our court, rather than the advantage being in the smuggler's court.

Beginning in October 1994, we placed every single agent, all of our technology that we could find, firmly into place in that first 5 miles.

Our strategy hinged on taking control of the Imperial Beach area, then moving them eastward, with the additional resources you provided that were at the academy undergoing training.

The effort was bolstered by new technology in the way of night-vision scopes, the IDENT system, which is a new fingerprint system we are using on the border, the new sensors, and the overtime resources that were provided by Congress.

The framework set in the immediately preceding years, including the border fence and the stadium lighting, in the Imperial Beach area would become the absolute backbone of the support structure.

We also went from an agent force of less than a thousand before Gatekeeper to our present force of just under 1,600 agents.

In the first year of Gatekeeper, the number of entries in the Imperial Beach station, again the most favorite of illegal entries—

Mr. DORNAN. Is Gateway a whole southern border operational title?

Mr. WILLIAMS. Gatekeeper is a name for the San Diego strategy.

Mr. DORNAN. Just the San Diego strategy.

Mr. WILLIAMS. Just the San Diego strategy.

Mr. DORNAN. Where is this one—we will hear later from the Department of the Treasury—Operation Hardline is the entire border, southern border.

Mr. WILLIAMS. Yes, that is a Customs operation.

Mr. DORNAN. Customs.

Mr. WILLIAMS. Yes.

Mr. DORNAN. Right.

Mr. WILLIAMS. Again, to convince these people that we meant business, in this first year, we reduced the number of entries in the Imperial Beach station alone, that first 5 miles, by 70,000 entries. That is a full 40-percent reduction in the entry levels over fiscal year 1994.

This success is being replicated as we move eastward, as you mentioned, in the Soccer Field. We are now firmly in the Chula Vista station area—that does contain the Soccer Field—and we are replicating those successes on a daily basis.

Those 1,800 attempts that you mentioned earlier in your opening remarks, many of those would have been success stories, not attempts, because you typified that exactly correct. They attempted, but they were confronted by the new resources that we now have in place.

Mr. DORNAN. Since I brought up that figure, how many do you think, realistically, got through?

Mr. WILLIAMS. You know, that number is decreasing every day. Last year—we are starting to get a handle on the number of entries we are actually having, with the advent of the IDENT system, where we are actually fingerprinting both index fingers.

For instance, even though we were not fully across the sector with the technology last year, our analysts tell us that the 524,000 arrests of last year could have been no more than 280,000 people trying repeated times to drive those numbers up, because as we become more efficient on the border, the deterrent factor has gone up.

It used to be, in the San Diego sector, someone could come from the interior and arrive there in the morning and be in Los Angeles that night. Those days are gone.

We are now hearing stories in our interviews, and the media interviews, alike, which tell us these people come to the border and they cannot get through. They are there for weeks and sometimes months, and they cannot get through our resources.

We are making a big difference on that border. There has not been anyone who has been to the border before, and knows the border, who does not know that those days are gone. The chaos and the crime that existed on that border no longer exist.

We have taken back that portion of the border.

Mr. DORNAN. The border crime does not exist, but the narcotics flow is going up.

Mr. WILLIAMS. You will also see, in San Diego, where the Gatekeeper strategy is in place, with the record number of resources, that we are making a difference there, also.

Last year alone, \$116 million worth of narcotics was interdicted as we increased the number of agents on the border, which, by the way, are our Nation's interdiction experts. We are charged firmly with control between the ports of entry.

We are making life most difficult for both alien smugglers and drug smugglers alike, and as the new resources that you provided to us this year come on line, we are going to make life even tougher on those people.

I think that we have buttressed those efforts with details, overtime money, and the additional checkpoints to ensure that this message is absolutely clear, that the border patrol is here to stay.

The days of easy access across the San Diego border are gone, and they are gone forever.

You know, I mentioned before about the \$116 million in drugs. The vulnerable areas along the border and the methodology for smuggling is the same for both alien and drug smuggling.

So, as we increase our arsenal of technology and the agent resources, we are going to make it increasingly difficult for both smuggling activities on that border.

I want to speak, before my time is up, of the incredible role the military has played in our accomplishments on the border.

Simply put, we could have not succeeded without them.

The infrastructure I spoke of earlier, of the fences, the roads, the lights, simply would not be in place without the military.

They engineered, in San Diego sector, 21 miles of new roadway, and they improved and maintained over 400 miles of roadway. Without these roads, we could not even access the border. We could not approach the border to make this deterrent strategy work.

In the Imperial Beach area, there are not any roads, not any fences.

The construction of the 23 miles of fence that we have now was integral for us to kick off Gatekeeper in October of last year.

Mr. DORNAN. Twenty-three miles of fence out of sixty-six.

Mr. WILLIAMS. We have 23 miles of fence now.

Mr. DORNAN. The hilltops you are not going to put fences on. So, what is the goal, out of 66 miles?

Twenty-three miles of fence. How many more to go?

Mr. WILLIAMS. We are looking at between 7 and 8 more miles this year, and we continually look for areas that the fence could do us the most good.

We have double-fencing in some places, triple-fencing in others, and we look very carefully at where the fence and the deterrents and the channeling can do us the most good.

Before Gatekeeper, the border was just an imaginary line drawn in the dirt in the San Diego sector that was ignored by hundreds and thousands of people every year.

I have got to say, too, that the fence was built primarily to deter vehicular traffics, because drive-throughs of drug and people were occurring on a daily basis.

In fact, the year before the fence was built, we recorded over 900 drive-throughs in those first 14 miles. Last year, almost none.

Mr. DORNAN. Port-runners? Is that what you mean? Port-runners?

Mr. WILLIAMS. No. I am talking about the 14 miles between the ports, the first 14 miles of border, before the fence, before we had any demarcation on the line, there was nothing there but just an invisible line in the dirt.

In those 14 miles, with impunity, because of our under-staffing and the lack of a fence and the stadium lights, they drove across.

Mr. DORNAN. Drove across.

Mr. WILLIAMS. Drove across. Nine hundred recorded drive-throughs before the fence.

The military support accomplished the engineering and the erection of the stadium lights at Imperial Beach. The strategy of removing the cover of darkness—the smugglers found the area most inhospitable. They moved out quickly.

We are now having lights put up in the Chula Vista and the Soccer Field areas.

They were also there to help us keep the fence repaired, because it is very important to know that just the fence being there, without repair, does little good.

I cannot over-emphasize these important roles. Had it not been for the military support, we would have had to put our agents, our professional Border Patrol agents, out there to do many of these jobs.

The military plays other roles for us, too. We use them now to man our range facilities for our quarterly firearms training for our agents. A number of military assets are now driving our transportation buses, moving arrestees all over the sector.

They are performing technical work in our electronics shops, in our vehicle maintenance facilities. They assist us in our intelligence work, have actually provided intelligence cells to us to help us with this most important analytical work.

For years, we have called upon JTF-6 to staff observation posts in strategic areas where the military actually becomes our eyes and our ears right there on the border.

They have brought special units in to do sensor implant and monitoring for us.

They have assisted us in mapping portions of the border, aerial photography that helps us in our planning of our strategies, and enforcement strategies on the border.

The military has given us analytical help in our communications systems and provided essential support equipment.

They have also provided training in many areas to our officers.

This is not all the things they have done for us. It is only a partial listing, but it will give you some insight of the many jobs the military has really done for us.

I have got to say, too, that we carefully selected the tasks that we have asked them to do. Mutually, we wanted the tasks to be of a mutual benefit.

The road construction that I talked about—we know that the military has units that do this in wartime applications. So, it is absolute training.

The observation and listening post gives the military the actual versus the mock training that they need to train their soldiers. In fact, all of the applications are designed to be of mutual benefit to both sides.

We benefit for obvious reasons; they from the training exposure they gain. We further benefit from being able to place Border Patrol agents on the immediate border when they might otherwise be involved in these other activities.

I think, too, that we have to keep in perspective the job of the professional Border Patrol agent. Our trainee agents receive 21 weeks of intensive training at our academy in Glenco, Georgia. At the academy, they learn criminal law, statutory law, naturalization law, immigration law, to name a few. They learn to speak Spanish almost fluently by the time they are out of the 21 weeks.

They learn about legal restrictions and proper methodology for applying the complex laws that we have taught them. They learn about self-defense, and they learn how to deal with law-enforcement confrontational issues.

They are exposed to cultural awareness training and civil rights training. They go through role-playing scenarios to cultivate their skills as law-enforcement officers. This training continues for a full year after graduation from the academy before the agent is really ready to conduct his duties independently. The agent is taught restraint in the face of diversity. The agent is taught to memorialize his activities in officer's arrest reports and related forms. They are trained to deal with changing situations as law-enforcement officers.

I speak in depth of training just to demonstrate the up-front commitment of the full year of intensive training before an agent is ready to take on and assume full duties on the southern border of our country.

Also, I think it is very important to recognize the differences in our training and the differences in our missions.

The partnership we have forged with the military has been years in the making and provides reciprocal benefits which balance the needs of both entities.

Our future success absolutely includes the continuation, if not the buttressing of the support we have received from the military.

Let me close my comments with underscoring the absolute importance the military has to our operation in San Diego and to say thanks again to Members of Congress who continue to provide us with the resources that we need.

You can rest assured that the Border Patrol has the resolve and now, thanks to you, the resources it is going to take, linked with

the military support we have been receiving, to bring our borders under control.

Thank you.

Mr. DORNAN. Chief Williams, an excellent report, and obviously a lead-in to Col. Richard R. Babbitt, who is the Deputy Commander of the Joint Task Force Six, and my best regards to your commander, also, and all the attention and time he gave me and my staff in our border visit a few days ago.

Colonel Babbitt, please.

STATEMENT OF COL. RICHARD R. BABBITT, DEPUTY COMMANDER, JOINT TASK FORCE SIX, DEPARTMENT OF DEFENSE

Colonel BABBITT. Mr. Chairman, Congressman Pickett, good afternoon. It is my sincere honor to represent Brig. General Benjamin Griffin, the commanding general of Joint Task Force V, today in this opportunity to discuss the role Joint Task Force Six plays within the context of the total Department of Defense effort to carry out the President's national drug-control strategy.

I have prepared a brief statement that I would like to read and request that an expanded statement of JTF-6's responsibility, functions, procedures be submitted for the record.

Mr. DORNAN. So done.

Colonel BABBITT. The Department of Defense formed JTF-6 at Fort Bliss, El Paso, Texas, in the fall of 1989 as a subordinate headquarters under Forces Command.

The mission assigned to the task force was to plan and coordinate all Title 10 Department of Defense support requested by Federal, State, and local drug law-enforcement agencies within the southwest border region.

Initially, Joint Task Force Six was comprised primarily of temporary-duty personnel, whose principle functions included organizing the headquarters, developing plans, policies, and standard operating procedures, and initiating quality DOD support to law-enforcement agencies.

In February 1995, the Commander-in-Chief, United States Atlantic Command, directed JTF-6, through Forces Command, to assume a larger area of responsibility for planning and coordinating support to drug law-enforcement agencies.

As of 1 October 1995, the area includes the entire continental United States, Puerto Rico, and the Virgin Islands. This decision consolidated under one headquarters support coordination that was previously split among five major commands.

This transition has already resulted in more efficient coordination of support across the country.

Our current mission statement reads, "Joint Task Force Six provides Title 10 counter-drug support requested by Federal, State, and local law-enforcement agencies in accordance with the Office of the Secretary of Defense guidance for implementation of the national drug control policy."

With this brief description of our mission and area of responsibility, I am now prepared to answer your questions about the procedures JTF-6 uses to implement our portion of that support DOD provides to law-enforcement agencies.

[The prepared statement of Colonel Babbitt follows:]

RECORD STATEMENT BY

COLONEL RICHARD BABBITT

DEPUTY COMMANDER

JOINT TASK FORCE SIX

BEFORE THE

PERSONNEL SUBCOMMITTEE

COMMITTEE ON NATIONAL SECURITY

HOUSE OF REPRESENTATIVES

MARCH 15, 1996

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE NATIONAL SECURITY PERSONNEL SUBCOMMITTEE

Mr. Chairman and Distinguished Members of the Committee, good afternoon. It is my sincere honor to represent Brigadier General Benjamin Griffin today in this opportunity to discuss the important role of Joint Task Force - Six within the context of the total Department of Defense effort to carry out the President's National Drug Control Strategy.

The Department of Defense formed JTF-6 at Fort Bliss, in El Paso, Texas, in the fall of 1989 as a subordinate headquarters under Forces Command. The mission assigned to the task force was to plan and coordinate all Title 10 Department of Defense support requested by Federal, State, and local drug law enforcement agencies within the Southwest Border region. Initially, Joint Task Force - Six was comprised primarily of temporary duty personnel whose principal functions included organizing the headquarters; developing plans, policies, and standing operating procedures; and initiating quality DoD support to law enforcement agencies. In February of 1995, CINCUSACOM directed JTF-6 through FORSCOM to assume a larger Area of Responsibility for planning and coordinating support to drug law enforcement agencies. As of 1 Oct 95, the area includes the entire continental United States, Puerto Rico, and the U.S. Virgin Islands. This decision consolidated under one headquarters support coordination that was previously split between five different commands. This transition has already resulted in more efficient coordination of support across the country. Our current mission statement is: "Joint Task Force Six provides Title-10 counterdrug support requested by Federal, State, and local law enforcement agencies in accordance with the Office of the Secretary of Defense guidance for implementation of the National Drug Control Policy."

Over time, JTF-6 has evolved to an organization of over 100 permanently assigned personnel, representing all four services. The staff is charged with the responsibility for coordinating Title 10 counterdrug support with law enforcement and the National Guard. Currently the headquarters is at Fort Bliss with regional offices at Fort Lewis, Washington; Fort Meade, Maryland; and Fort Gillem, Georgia. A JTF-6 liaison officer is assigned full-time to

Project North Star in Buffalo, N.Y. While we have no operational troops assigned as an organic part of the command, all Federal (Title 10) units that perform missions in support of drug law enforcement agencies within the JTF-6 Area of Responsibility are placed under the tactical control of JTF-6 for the duration of their missions. The goal of JTF-6 is to enhance the effectiveness of Federal, State, and local law enforcement counterdrug efforts through the integrated, coordinated, and synchronized application of DoD capabilities and assets, while simultaneously providing challenging mission-related, operational readiness training for the units and individuals performing missions in our area of responsibility.

Effective interagency teamwork is the key to our overall success in counterdrug operations. Joint Task Force - Six is an important member of the counterdrug team. We have a specific defined relationship with each of the other key players on that team which I will describe. Formed in August 1986, Operation Alliance is a multi-agency organization composed of representatives of Federal, State, and local law enforcement agencies in the four U.S./Mexico border states. Its mission has been to foster and support coordinated drug law enforcement efforts in the Southwest Border States, with an emphasis on interdiction. Project North Star, headquartered in Buffalo, New York, is our partner doing a similar function for the northern tier of states lying on the border between the United States and Canada. Included in this coordination is an admirable relationship with Canadian law enforcement agencies. Finally, for states not represented by Operation Alliance or Project North Star, drug law enforcement agencies have formed a Senior Law Enforcement Advisory Committee that meets to facilitate coordination between JTF-6 and agencies requesting support in this region. These three partners respond to requests for military support from drug law enforcement agencies in their regions. They analyze each request for a valid counterdrug nexus and identify a lead law enforcement agency for the mission.

The Directors of the High Intensity Drug Trafficking Areas (HIDTAs) are also partners in this effort. JTF-6 has developed excellent working relationships with these Directors and provides support directly to them regularly.

Another important component of our counterdrug team is the Department of Justice El Paso Intelligence Center, or EPIC, whose charter is to provide a comprehensive and accurate intelligence picture of drug movement by land, sea, and air throughout the world as it relates to the United States. JTF-6 is specifically interested in intelligence that will help us in effectively and safely planning and executing counterdrug support missions in our area of responsibility. EPIC is a principal source of fused and analyzed information and we maintain constant coordination. This close working relationship has proven to be mutually beneficial, providing an exchange of analytical techniques and information.

A helpful partner in our counterdrug activities, the National Guard is our Total Force partner to support law enforcement in counterdrug operations. In recognition of the critical coordination process between JTF-6 and National Guard forces, we have, on the JTF-6 staff, a program coordinator from the National Guard Bureau.

Having provided the framework for the mission, organization, and interagency relationships within the JTF-6 Area of Responsibility, I would now like to focus on the evolution of our operational support. When JTF-6 receives a support request from Operation Alliance, Project North Star, the Senior Law Enforcement Advisory Committee, or a HIDTA Director, our staff examines it closely to ensure it meets DoD policy guidelines and legal constraints. Most important, we review all requests specifically to ensure there is a clear and direct counterdrug nexus. Once accepted, the request is type-classified as Operational, General, Intelligence, Engineer, or Rapid Support. We then identify appropriate military units to do the mission according to their capabilities, availability, and the relationship of the mission to their wartime tasks. JTF-6 conducted its first operation in January 1990 and completed a over 30 missions in Fiscal Year 1990. As of today, JTF-6 has completed over 2500 military missions in support of counterdrug law enforcement agencies. In Fiscal Year 95, we provided support to approximately 250 different drug law enforcement agencies at all levels. There are currently about 85 missions ongoing with approximately 500 service personnel involved.

I mentioned previously that we provide support to law enforcement in five categories: Operational, General, Intelligence, Engineer, and Rapid Support. Operational missions include listening and observation posts; reconnaissance; diving operations; and sensor. General support missions tend to be smaller in scope and focused in a very specific area. Examples are mobile training teams and communications support. Intelligence support missions include intelligence analysts and linguists as well as assessments of the intelligence architectures of various drug law enforcement agencies. Engineering missions include operations such as improving border roads, building fences, installing lights, and some limited construction of range facilities. The final category of support to drug law enforcement agencies, Rapid Support, is performed by a U.S. Army Special Forces Company under the tactical control of the JTF-6 commander. The Rapid Support Unit can respond within 72 hours to actionable intelligence of pending drug smuggling operations. They represent the commander's flexible response to law enforcement requests for support. These soldiers also conduct routine support to law enforcement agencies.

Regardless of the type mission to be conducted, Joint Task Force - Six follows a proven, deliberate, and detailed planning and execution sequence that includes a situational training exercise and rehearsal, an in-progress evaluation during planning, an after action review, and a post operation assessment by both the supporting unit and the drug law enforcement agency. There are three particular areas of concern addressed during both the planning and execution phases of all JTF-6 missions. They are the counterdrug nexus of the operation, the legal constraints on the involved forces, and the environmental impact on the operations area.

As I described earlier, our law enforcement coordinating bodies and the HIDTA Directors are invaluable partners in this effort. A critical function they do is to ensure that the requests for support from law enforcement are clearly and directly related to counterdrug efforts. Only when they are satisfied that there is a verifiable counterdrug nexus do they forward the support requests to JTF-6. Because it is so important to validate this aspect of all missions, the JTF-6 staff again reviews each support request for counterdrug nexus before accepting the request. Since our mission is related to drug law enforcement only and not to any other type of

law enforcement activity, the coordinating bodies and the JTF-6 staff are highly attuned to this requirement. Similarly, we school supporting units on this issue to ensure they remain within the parameters for which the mission was approved.

The second point of concern that is crucial in this process is ensuring that every member of every supporting military unit, including those on the JTF-6 staff, understands his or her role and function in the effort. First, we ensure each member understands that DoD is in support to the drug law enforcement agencies. We are not in the lead. Inherent in this is a clear understanding of the implications of the Posse Comitatus Act on counterdrug military operations conducted in the United States and our territories. Specifically, DoD personnel cannot participate in law enforcement functions such as searches, seizures, arrests, and interrogations. Sworn law enforcement officers must fulfill these functions. For missions involving people or functions related to intelligence, we perform rigorous intelligence oversight to ensure we violate no laws, regulations, or policies regarding the use of military intelligence assets and U.S. persons. Additionally, the Joint Chiefs of Staff Standing Rules of Engagement (ROE) apply to JTF-6 coordinated counterdrug missions. These rules provide each military participant with the guidelines for use of force in the conduct of the mission. Every member of a supporting military unit receives extensive briefings on these subjects and must back brief his or her chain of supervision to prove understanding in application. At the leadership level, proper understanding of these parameters is confirmed during the final orders briefing conducted at JTF-6 headquarters before the start of the mission. JTF-6 staff members, including our Staff Judge Advocate, review the unit commander's plan as a final pre-mission check before execution. Finally, the JTF-6 staff reinforces these rules and procedures with the unit chain of command during the execution of the mission.

The final point of concern is the environment. We assess every mission, regardless of the size, duration, or location for its impact on the environment. The JTF-6 staff environmental engineer works closely with each mission commander to ensure that all applicable laws are known and heeded; that appropriate measures are taken to prevent damage to the land,

vegetation, and animals (particularly protected species); and that hazardous materials such as petroleum products and batteries are properly used and disposed of following mission completion. Significant coordination with local law enforcement and environmental officials ensures a healthy respect for the potential impact on the environment and proper planning to minimize that impact.

Because our mission is to support drug law enforcement and not to physically interdict drug shipments or apprehend alleged criminals, it is most appropriate and logical to judge our effectiveness accordingly. In that context, we assess our performance in terms consistent with our mission through a survey process following each completed operation. To date, the satisfaction level among law enforcement customers and supporting military units is uniformly and consistently high - a hallmark that has remained constant since January of 1990. Indicative of the quality of DoD support and the satisfaction of our drug law enforcement customers is the fact that the overwhelming majority of the support requests we now receive are "repeat business" from satisfied customers.

Together with the other members of the counterdrug team, Joint Task Force - Six has made significant progress in enhancing the potential of drug law enforcement capabilities. I assure you that JTF-6 is committed to continued progress.

Again, on behalf of Brigadier General Griffin, thank you for this opportunity to represent Joint Task Force - Six to you as a dedicated partner in the National Drug Control Strategy.

Mr. DORNAN. Thanks, Colonel Babbitt. They said such good things about you—thank you for the brevity, because I have more questions than we are going to be able to cover and get into panel two and panel three; and I bet the same applies to Mr. Pickett.

So, I will let Mr. Pickett begin the questioning, and we will not be able to donate as much time to hearing your professional opinions as I would like, only because we have got so many talented people coming after you.

Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman, and I want to, again, thank our witnesses here today.

This has been, really, an impressive amount of resources that you have provided to us, because the movement of illegal aliens and illegal drugs across the border is something that I know has impacted a great deal more in the areas where it is taking place than it is, perhaps, in some other parts of our country; but it is an important national problem and one that I sense all of our citizens want to see something done about, and the sooner the better.

It seems now—and follow me carefully—that we have the Border Patrol, Customs, Immigration Service, Drug Enforcement, and the military. What other organizations are we bringing to bear on this problem? Have I named them all, or are there some others?

Mr. DORNAN. Coast Guard off the coast.

Mr. PICKETT. OK. Well, let us talk about just the border here for the time being.

Mr. WILLIAMS. Some of the Forest Service activities are involved.

Mr. PICKETT. Pardon?

Mr. WILLIAMS. The Forest Service is also involved with us.

Mr. PICKETT. Forest Service.

Mr. WILLIAMS. Of course, we do get a tremendous amount of support from our local law enforcement, the local police departments, our task forces in many of the cities.

In San Diego, we have exceptional support—on the southern border, probably, in Imperial Valley and San Diego; I have got to say that the cooperation in law enforcement is unparalleled of any place that I have been, and I have been stationed throughout the southern border.

Mr. PICKETT. The question I was going to ask is to get a response about the opinion that you have individually of the degree and effectiveness of the cooperation and coordination among these various entities that are collaborating to try to stop this flow of illegal aliens and illegal drugs.

Mr. WILLIAMS. I think it's the best it has been in my 25 years in law enforcement.

Mr. PICKETT. What do you attribute that to?

Mr. WILLIAMS. I attribute it to a coming together and a recognition of the common problem that we all have and the impact it has on each of our agencies or our organizations and that we know the value of pooling resources and pooling enforcement policies together, the impact it can really have on a problem as large as we are talking about.

Mr. PICKETT. I want to ask each of the other gentlemen if you would just briefly give your thoughts about this issue of the coordination and cooperation and whether you believe it is coming to-

gether now, as Mr. Williams has testified to, and your reasons for thinking that we are doing better now than we have done in the past.

Captain HACKETT. I have been on the border since 1969, and I share Johnny's statement that cooperation is far better than it has ever been.

I think there are some other factors. We all live in the same communities together. Our children go to schools together. We are the godfathers for each other's children. We go to the same churches. We shop in the same stores. We are friends and neighbors.

Some of the events that have taken place over the past 15 years have touched all of us. I refer to, specifically, the loss of DEA agent Kiki Camarena.

Three of the agents who were working in the DEA office have been Imperial County deputy sheriffs. Those were our family and friends. They were not just a brother service.

So, we are all starting to pull together. A lot of it has been social, and a lot of it has been professional outreach from, probably, the social source.

Mr. GORMAN. I would echo both Mike Hackett's and Johnny Williams' comments. Like Mike, I have been on the border for some time. I am a fourth-generation Californian. I have been in San Diego—was assigned first with BNED in San Diego in 1972, spent 12 years working in Imperial and San Diego counties. I have worked personally with Mike. I have worked personally with Johnny Williams.

The cooperation and coordination between the agencies, particularly in the southwest, and I have worked in other areas of the country, as well, but particularly in the southwest seems to be better and more honest and up front than I have seen anywhere else.

Currently, I am assigned in Los Angeles. We have over 60 various State and local agencies that all work together in the southern California drug task force, the HIDTA, in the metropolitan Los Angeles area.

While I was in San Diego, we had the southwest border HIDTA that brought a lot of the agencies together.

The cooperation that we have, the coordination that we have, I think, now is better than it has ever been, and lot of that has to do with limited resources. DEA just, quite frankly, does not have the manpower or the resources to do this by itself.

We need the help of the Imperial County Sheriff's office, we need the help of Border Patrol, we need the help of Customs; and Customs, Border Patrol, the other agencies, FBI, that are involved in this, all recognize that, with limited resources, it is incumbent upon us to work closer together to attack it as a single unit, if you will, with each other's cooperation.

Everybody has a little bit to offer, and collectively, we are much, much more effective.

Mr. PICKETT. Colonel Babbitt.

Colonel BABBITT. Sir, in answer to your first question, JTF-6 also supports along the southwest border, that 2,000-mile border, the Bureau of Indian Affairs, the Park Service in Padre Island, and the Bureau of Land Management also play along with the Forest Service.

Mr. PICKETT. It is amazing the different organizations that have got a hand in this effort.

Colonel BABBITT. Yes, sir.

I would have to echo the gentlemen to my right.

In the 2½ years that I have been at JTF-6, I can see a greater degree of cooperation, because we facilitate the end-game and all the players that need to be coordinated to put together an end-game that is both successful and for our soldiers safety, and I see that cooperation increasing.

Mr. PICKETT. Mr. Williams, you used a term that I thought was very interesting. You used the word "deterrence," that you are now seeing people coming from deep within the interior area of Mexico coming up to the border thinking that it is going to be an easy task to get through and finding that it is not, and then you are beginning to hear stories that this message is going back that—do not go up there because you cannot get through, I assume, is the message.

Mr. WILLIAMS. Absolutely.

Mr. PICKETT. Can you tell us just a little bit more about that and what effect you think that is having on enforcement success?

Mr. WILLIAMS. For decades, these potential entrants have come to San Diego. Again, the ease of getting into Los Angeles in the morning and being there that night is what they were used to. Well, they came and found these resources and technology in place. They found themselves actually trapped on the border—2,000 miles from home, 2 inches into the United States.

So, what we had for this go-around were a number of repeated entries, as they wanted to make sure, and they waited us out; because in the years past, we would bring a detail of people in, we would be there for 30 days and gone, but we have been there now for months, over a year, and we still are relentless with our deterrent posture.

Smugglers have also found it—when we started Gatekeeper, the cost of a trip to Los Angeles was somewhere between \$175 and \$250. Two weeks ago, we had a smuggler that was charging \$900. The median range now for a smuggling trip to Los Angeles is in the area of \$500 average. So, just the price itself, raising the cost of entry, is a deterrence, and bringing this smugglers to task.

Last May, we saw the smugglers start moving with us. As we moved eastward, they were trying to take advantage of the more vulnerable areas to the east. So, we hatched what we called Operation Disruption, and we started following them around. To date, we have now arrested 11,000 would-be smuggled aliens and taken them out of the hands of the smugglers that would have been multi-thousands of dollars in this human cargo.

We saw the guides that simply just guided aliens from one spot of the border to a bush or to a point in San Diego, before Gatekeeper; the cost was \$25 to \$30. That is now \$100 because of the risk they are taking. We are working to increase the prosecution of these smugglers.

Again, these smugglers, we are finding, are intertwined with drugs and aliens.

We are raising this deterrence.

We have raised the number of officers, so that there are officers on the line within sight of each other up and down that border, and that is what those potential entries are seeing now, our Border Patrol officers there saying you are not coming in through here.

Mr. PICKETT. We are here because of Mr. Dornan's foresight in setting up this hearing on behalf of the House of Representatives, and one of the things I think we are interested in, or I am interested in, is if there is one single thing—and please do not say just money, but if there is one single thing that we in the House of Representatives could initiate to help improve your situation even more here in the area toward combating illegal drugs and illegal aliens, what would that be?

I am going to ask each one of you to respond to that.

Mr. WILLIAMS. Honestly, you are right on target with what you are doing.

The most precious of all resources, to us, for the decades, has been the agent resources, the human resources, and the training of professional Border Patrol agents to do their professional job on the border.

That, linked with the technology that it is going to take in the way of remote monitoring systems, camera systems so that we can be force multipliers on the border, are the ways—and we are looking for that right mix of technology and human resources, so that we can give the country the best bang for its buck in border control.

It is not always an answer to border control—the agent—but a mix of those resources and the technology; and I think I should add, too, that the worksite enforcement that is going to be a priority this year is another important component of border control, that we have to turn down that pull of illegal entrants by taking away the ability of finding work in this country, also is an important ingredient.

Mr. PICKETT. Mr. Hackett, do you want to respond?

Captain HACKETT. Yes, sir. Probably a demonstration of national resolve, clearly a demonstration of national resolve.

Mr. PICKETT. Stay with it. Do not come for 30 days, then go away, but stay with it.

Captain HACKETT. Yes, sir. We have had fragmented signals from Washington over the last decade that I have been following myself. They have been sometimes mutually exclusive.

Now, we seem to be moving in a cardinal direction, and I think we need to stay on that track, and I think the Congress of the United States can speak for the American people and keep pointing us in the direction that the American people desire. The resolve is the key issue.

Mr. PICKETT. Thank you.

Mr. Gorman.

Mr. GORMAN. I would answer that the same way. We have to keep, I feel, a consistent policy. We cannot, as Mr. Dornan mentioned, reduce our efforts. I think we have seen what happens when we do reduce our efforts. We have to be consistent. We have to keep the pressure on.

DEA, as other agencies and the military—we have learned to do a lot more with less. The technology has gotten better, which has

relieved a lot of the agent personnel from a lot of the menial tasks that we have done in the past.

The technology now, with signal intelligence, with communications, has all enhanced us, but I think the biggest effort would be a consistent policy that this is something we have to deal with. It is not going to go away.

It is going to continue to devastate families, communities, countries unless we keep up our efforts to do something about it.

Mr. PICKETT. Colonel Babbitt.

Colonel BABBITT. Sir, we are a support agency to the law enforcement here to my right.

To date, over the last 6 years, we have been able to support them to the level that they have asked for, with very, very few exceptions, in terms of when they wanted it, what they wanted, and where they wanted to do the things that they wanted. I would almost defer to them.

I currently have the resources and the wherewithal to make things happen for law enforcement as they perceive it and need it right now.

Mr. PICKETT. Well, that is good to hear.

Mr. Chairman, we have a very informed panel of witnesses. I could go on for a long period of time, but I know we have limited time this afternoon, and we want to have all of our witnesses have an opportunity to speak to us.

So, I am going to conclude my questions, but gentlemen, you might get a telephone call someday and I will want to ask you some more. So, I hope you will respond.

Thank you.

Mr. NUNEZ. Mr. Chairman, without wanting to interrupt, I would like to ask for your indulgence to see if we can present a perspective that was not presented here. There are some facts that have not been presented.

In the testimony, for example, that Mr. Johnny Williams gave—

Mr. DORNAN. Would you identify yourself, please?

Mr. NUNEZ. Yes. My name is Fabian Nunez, and today I am here in representation of the American Federation of Labor Congress of Industrial Organizations, particularly the Los Angeles County Federation of Labor.

Mr. DORNAN. All right, Mr. Nunez, let me try and structure this, because you were polite in your presentation, and if you had come to us earlier, I am sure we would have tried to accommodate you on a panel.

Mr. NUNEZ. We actually did, sir.

Mr. DORNAN. All right. Well, let me get some structure here.

Mr. NUNEZ. Sure.

Mr. DORNAN. Just be patient 1 second. Thank you.

Our second panel is going to be Maj. Gen. Robert J. Brandt. He is the assistant adjutant general for the California National Guard, and he is the commander of the California Army Guard. I am going to save some of the military questions, military aspect, and Posse Comitatus questions for myself and Mr. Pickett for him.

Panel 3, for those in the audience who have shown the interest to come here today, as you have, Mr. Nunez—we have the Director

of the Customs Management Center in San Diego, Mr. Rudy Comacho. We have Mr. Gustavo de la Vina, Western Regional Director of INS.

We have Mr. Robert Newberry, Principal Director of Drug Enforcement Policy and Support for the Under Secretary of Defense for Policy. We have Col. Thomas Abbey, U.S. Air Force. He is Director of Legal Policy Requirements and Resources. He is from the Under Secretary of Defense for Personnel and Readiness.

We have Brig. Gen. David M. Brahms. I am so impressed with the Marines I met down at the border and then the Marines that are part of your task force. That is going to be a panel of five people. General Brandt will be panel 2 by himself. I make no pretensions that we are covering every single aspect.

What I would like to do, Mr. Nunez, because you said, particularly referring to Chief Williams, that there were some things that maybe were not covered, is let me ask my questions of them, finishing up their questions, and then, if they do not mind, very briefly, I will let you pose your questions directly, and we will elicit some more answers from them. Is that fair?

Mr. NUNEZ. That is fair.

Mr. DORNAN. Thank you, Mr. Nunez. Are you a lawyer?

Mr. NUNEZ. No, I am not, sir.

Mr. DORNAN. Good. Neither am I. Neither is Mr. Pickett. Thomas Jefferson, another great Virginian, was a proud lawyer, and my father wanted me to be one, but you were so orderly I just thought perhaps you were trained as one.

Mr. NUNEZ. At least not in that capacity here today, no.

Mr. DORNAN. Right. I tell you what we will do. We will create you as a fourth panel, after I give you a couple of questions, and you can submit a full statement for the record. I cannot do much more than that, the suggestion of Mr. Higgins, an excellent idea.

You are panel 4, but I will let you ask some questions of panel 1 in a moment.

Mr. NUNEZ. I appreciate that.

Mr. DORNAN. Gentlemen, since I have got General Brandt coming up and a Marine general and other people, let me try and nail down this Posse Comitatus Act of 1871; and I notice that it has never really applied to the Navy in the same way, because the Navy has sea duties to shore up our Coast Guard, and the Navy units have Customs. Some people always ask me, well, what is a brigadier general in the Navy, and I say, well, it is a rear admiral, and they say but rear admiral is a two-star, and I say, well, it used to be called a commodore, and they went to rear admiral because of their diplomatic duties in ports; and anybody in the Navy knows, when we tried to bring back the term commodore here recently, it did not work.

So, now if you get one star in the Navy, you are already an admiral, rear admiral lower grade, two stars, rear admiral upper grade, very confusing to non-Navy people, but it is because of this unique diplomatic role, backed up with the consul general, in all the big ports of the world, with their heavy commerce, when they are not in the capital city, also. New York is not our capital city. It is a little tiny city on the Potomac River.

The question I want to ask is not of our military panelists but of the others.

Let me start with you, Michael. What is your take on Posse Comitatus?

As someone who has lived in the border area and, as you said, goes to the same schools and markets as everyone else, is there any citizen fear in Imperial County or anywhere along the border, all the way to Padre Island in the Gulf of Mexico, of citizens feeling that military participation in this effort is somehow or other going to endanger their civil rights or their civil freedoms?

Captain HACKETT. No, sir, there is not. I am reminded that Sheriff John Duffy, almost 10 years ago, proposed putting military on the border, and he was filleted in the media at that time.

The real concern—there is a parallel treat, the Treaty of Hidalgo, with the Republic of Mexico, that—and I cannot speak knowledgeably about the issue, but I understand that there are some particular restrictions about the types of military that can be on the northern side of the border in terms of numbers and equipment and so forth that is of concern on the south side of the border in the Republic of Mexico.

I do not think the American public has an abiding fear—the Dr. Strangelove movies notwithstanding, I do not think they have an abiding fear, nor do they have a reason to fear the American military forces.

Mr. DORNAN. Mr. Gorman, obviously, we could take the DEA, and you have about, you were telling me earlier, 3,400 agents?

Mr. GORMAN. We have approximately 3,400 agents, yes.

Mr. DORNAN. You are stationed everywhere, because I have visited you in the field from Burma down to Rangoon, every port in the world where there is major drug trafficking, and under our foreign treaties, you have problems there where you cannot participate in arrests. You can watch from afar.

It was very debilitating to morale in the early days to see brother agents of other countries get shot and killed on an operation that you were integrally involved in the intelligence aspects of. So, you have a worldwide mission.

Obviously, we had one Presidential Candidate, the former governor of Tennessee, who wanted a fifth military service to handle the border. I teased him once and said what is to be called, La Marines, a play on his first name, Lamar, Governor Alexander.

Then he backed off from that position later, because he really was not aware, being from Tennessee, of this major effort at the border and how a separation of powers and different chains of command can be integrated in a task force.

Obviously, we could take the Drug Enforcement Administration and the Border Patrol and just say we are going to give you each 4,000 new people, with all of that training and all of that prohibitive expense in this time of reduction of growth in government; and maybe we could get the same job done, but what I find appealing about the military is I believe that this type of duty is more beneficial in comparing it to combat training that is peacekeeping in Bosnia, where they are so limited and restricted, even held to their command post and major cleared roads because of 4 or 5 or 6, some

people say as many as 7 or 8 million mines; 3 million is bad enough.

What do you feel about the training of military impacting on you folks and you folks impacting on the military?

Mr. GORMAN. I think, having been through it with Johnny Williams when he was in Imperial, also with Mike Hackett over in Imperial, and the time I spent assigned to the San Diego office, we had many, many occasions in which we conducted joint operations using the National Guard, using the JTF-6 resources; and quite frankly, I think, initially, some of our first efforts were less than successful or less than desirable.

We all learned an awful lot from those first few operations that we ran. After, I would say, the second or third operation, we started to tune the system up, if you will. We became more cooperative. We became more sensitive to the issues. We had situations, quite frankly, in which military personnel were brought into mountainous regions in San Diego County to conduct observation posts. They had not had prior experience in doing that.

We had situations in which, initially, sightings—they would report all sightings. Their instructions were to report all sightings. Well, they would report all sightings. Sometimes the sightings involved animals. Sometimes they involved other objects.

After we gathered through these initial problems, it became a very, very viable training ground for the military. I have been informed by them that the mountainous training they received, the desert training they received, the problems we had with communications, trying to coordinate Federal agencies, State agencies, local agencies, and the military communications so that we could talk with each other—

Mr. DORNAN. Right.

Mr. GORMAN. I mean we had some—I think—some very serious initial problems. It took some logistical working out, and those problems have now relieved themselves. The training has been very effective.

We have had many, many very qualified military personnel come to our agency and assist with intelligence analyst duties. They have certainly assisted us in our operations in South America during our Snowcap operations, the training of our agents to prepare us for the type of work that we did there.

I think, speaking for DEA, we have learned an awful lot from the military. We have learned an awful lot about technology that we did not have access to prior that we do now; and I think, on the opposite side, the military has learned an awful lot from this.

We have both gained heavily from each other.

Mr. DORNAN. Chief Williams, your comments, and could you roll into your answer what you think is probably the most important contribution to border security that our military forces have brought?

Mr. WILLIAMS. Why don't I answer that part first?

I think the absolute most important thing they have done for us in the San Diego area is the support functions, and the construction of those roads and the assistance in the erection of the fencing and the barriers have been most essential, not only in that con-

struction but to show us the way to do it if they were to, for some reason, go away someday. We are learning that aspect, also.

Second to that, of course, is the direct involvement in the listening and observation post, and let me say that Posse Comitatus has really not—we have not let it get in our way.

We know it is a restriction, but we have sat at the table and we have pursued ways to say yes, to look for ways that we can complement each other's training, looking very much at the mission of the military and not to deter from that mission of what they are trained to do and to look at our mission to make sure we are not deterring from what our training is all about.

That is why, in my opening remarks, I mentioned the intensive training that our officers go through, the full one year of training, that commitment to train people to take care of the job on the border. So, I think that this partnership that we have managed to come up with as of today is the very best of all scenarios, and we are still meeting to look at ways that we can complement one another's operations.

Mr. DORNAN. You are just the beneficiary of more compliments, then.

Let me ask you—one of the duties as military personnel chairman—is the morale good in all the forces when they get down there, is it maintained throughout, and when they leave, do they feel they have really accomplished something for their country?

Colonel BABBITT. Sir, you have hit the nail on the head. Two things.

One, part of my charter is to ensure that units coming down get good mission mental training. We will not do a mission unless there is good training. We cannot afford not to be getting good training out there, and there are plenty of missions that law enforcement gives us.

So, when units come down, they do, in fact, get good training. There is about a 90-percent correlation between what we have them doing in the counter-drug mission and their war-time mission task. That adds to a unit's—that particular unit's readiness.

I will not address what the impact is on the force, but for that unit coming down, one, they are getting good training, and when troops are getting good training, they are happy, and when they are doing something for their country, they are, likewise, as happy.

Mr. DORNAN. Right.

Colonel BABBITT. So, the morale, in that case, is good.

Mr. DORNAN. Let me ask one final question, and then I have to make a statement about how we are going to proceed here.

I have been down to the border in the past to analyze the question of immigration, and I am a big supporter of legal immigration, unlike some other candidates who have been out there across the nation, I think, speaking in dangerously simplistic terms.

This truly is the only Nation where, at any political dinner, you look at the invite list, and you see names that are rooted in the ethnic heritage of every continent on the face of the earth.

You may see a few more O's on the eve of St. Patrick's Day, but you see skis and Polish and African and Asian names all down any program at any American event, and this is a Nation of immigrants.

Now, when I went down this last time, it was the first time I realized how the illegal narcotic flow across the border had infiltrated itself into the immigration problem and how smugglers were involved in both.

I asked a question of Sheriff Fox about guns, another form of contraband around the world, and he said, well, since the United States makes the best guns in the world, the guns go home in the empty vans so that the drug lords in South America and the Caribbean can shoot one another, because the billions of dollars involved are so overwhelming now that it brings evil people easily to murder to protect these billions of dollars of illegal drug trafficking.

How has—and just go right down the line starting with you, Michael—what percentage of overlap is there now, because there is not much citizen fear of civil rights violations in the narcotics area.

We know we are up against an evil here, but there are groups of Americans that want dignity shown to the people coming here, and again—hopefully my last Irish reference—if I was down on the border, given my background, and all the people I was apprehending were named Kelly and Murphy and O'Houlihan and Shaughnessy and all the children with them had freckles and curly red hair, looking at them, said why do you want in? Because my country is suffering a famine and we are starving, here for the American dream.

If I spoke fluent Spanish and my heritage was Spanish, it would be the same impact. They want a piece of the American dream. That gives people a lot of problems about how we conduct ourselves at the border or how the military is integrated.

What is the overlap, is the focus of my question, and do you see it getting worse as people traffic in human beings and they get suffocated to death in a van in the height of summer and they are treated just like contraband and narcotics, not as human beings, on the smugglers' point.

Is this a phenomenon that has gone on for 2 or 3 years, and is it getting worse, the smugglers involved in both?

Captain HACKETT. No, sir. It is a phenomenon that has gone on for 4 or 5 hundred years. Goods, people, contraband have been smuggled across the border in the southwest for probably that long.

Gold, soldiers, mules, cattle, narcotics, and unfortunately and tragically, human beings are smuggled along the same routes by the same people.

I liken it to the front door of your own residence.

By all means, you should bring in those that you welcome to help, people who need help, by all means, open the door and welcome them with grace and dignity, and those who kind of bust through the door that do not mean you harm should also be treated with a certain amount of grace and dignity, but they ought to be politely told I am sorry, go back outside and knock properly.

Mr. DORNAN. There is a legal way to do it.

Captain HACKETT. There is a legal way to do it, and you will be perfectly welcome in our home.

Mr. DORNAN. How does the Drug Enforcement Administration stay out of the immigration problem?

Mr. GORMAN. I do not think that, because of the nature of our business, we can stay out of the illegal immigration problem, al-

though I would say that the arrests of illegal immigrants involved in a lot of our activities has reduced.

We used to have more problems with what they used to refer to as backpackers, which were, in effect, the illegal immigrants coming through the mountains and the valleys down in San Diego. Part of their payment was to carry 50 pounds of marijuana across the border.

With the increase in enforcement activities, with more patrol than military, a lot of that activity has declined. We now see a predominant amount of immigrants here legally that are involved in drugs.

We see a very large population of Mexican-Americans or Mexican nationals that are here legally, that are working in cooperation and conjunction with Colombians that are here legally, basing their operations in the Los Angeles area.

As Mike said earlier, 70 percent of the drugs, cocaine, coming into the United States comes across the southwest border. I think I have seen figures where 70 percent of the cocaine coming in comes through Imperial County into the United States, and a lot of that, the majority of that, comes into Riverside, Los Angeles county, where it is then based and distributed, often, to New York, Chicago, Detroit; and I would say the vast majority of the individuals that we have contact with here are immigrants. For the most part, they are legal immigrants. We do not have the problems that we did five years ago with illegal immigrants.

Mr. DORNAN. Mr. Williams, as the Chief Patrol Agent, how many years of service do you have in?

Mr. WILLIAMS. Twenty-five.

Mr. DORNAN. In your 25 years, do you see a shift in the percentages? There was always an overlap of smugglers who would deal in anything that would pay to be smuggled, but do you see now an overlap that is growing?

Mr. WILLIAMS. I think we see the same methodologies as we mentioned earlier, and we have to recognize the callous disregard these smugglers have for their human cargo and the alien smuggling apparatus.

Just a few weeks ago, we apprehended a smuggler at San Clemente that had 30 illegal immigrants under sacks of soil. We stopped a U-Haul truck with 60 people in each side with no air hose, four females on the floor of the truck, near expiration. Had we not had our own paramedics there to revive them, they would have perished.

Mr. DORNAN. They were already unconscious.

Mr. WILLIAMS. They were already unconscious. Fifteen minutes later, I doubt that we would have been able to revive them.

In the weather conditions that we have experienced over the last few months, we have seen smugglers leading people through those canyons, through the snow, and abandon them there, where one female died last weekend from exposure, because they could care less for them.

A person having heart pains was abandoned by the smuggler who did not look us up. We found him not quick enough. He expired in our hands we tried to revive him.

That is the kind of attitude.

Mr. DORNAN. An older person, of heart problems.

Mr. WILLIAMS. Actually, in his 40's, and tried to take on that rugged terrain, and when he got slower, the smuggler quickly abandoned him.

That is why we are going to step up our efforts and our anti-smuggling activities, because we do recognize that many of the people that are coming across the border are, in fact, economic migrants.

Mr. DORNAN. Well, in closing with you, Colonel Babbitt—I am going to save some of this for General Brandt—we have focused on the border here, but what I learned in flying in our Guard airplanes and in talking about general briefings is you put as much effort into northern California, where the TCL element in marijuana has reached dangerous levels—I forget the percentages, but whatever was 4 or 5 percent 20 years ago, when USC fraternity members were smoking a little pot—and they are lawyers now—saying, well, it is a passing rite, it is no big deal—is now up to, what, 24 or 25 percent, impact that comes out of northern California, and somebody threw a figure at me at the briefing at Los Alamedos a few weeks ago—\$4 billion? Was that the figure?

Colonel BABBITT. Sir, that would not have been my figure.

Mr. DORNAN. That is too high.

Colonel BABBITT. I am not sure, sir.

Mr. DORNAN. Right. You actually work throughout the whole State in the drug interdiction, not just at the border.

Colonel BABBITT. Sir, we work throughout the entire continental United States doing marijuana eradication missions. In California, most of our efforts are limited to southern California. I think, when you talk to the Guard, most of their effort is concentrated in northern California.

Mr. DORNAN. In northern California. All right. Thank you.

Gentlemen, let me say to Mr. Nunez, since I said earlier that, historically, for me, as many field hearings as I have been at, from Europe to Asia to all over the United States, it is the first one I have chaired, and I do not want to make any mistakes in the area of decorum.

There is a decorum established. We have to treat this as though it is similar to a hearing in one of the Armed Services Committee rooms in the Rayburn building.

A citizen, no matter how good their intentions, cannot just get up and interject himself into the panel process and ask questions.

So, if I could ask Mr. Nunez to hold off until—I will stick by a semi-unofficial panel 4 for him, but he may have more questions about our next two panels—I am sure he will—than he does now, and he will just have to hold those, and we will refer to them later, but I want to thank the panel very much for coming.

It has been most informative, and I thank my other panel folks for coming and listening to you, so that it would focus some of their presentations later.

Thank you very much.

If Major General Robert J. Brandt would please come forward, we will take a 10-minute break, but I want to go right into panel 2 right now, but between 2 and 3, we will take about a 7- or 8-minute break.

General, you have an officer you are bringing with you. As I give your title here, would you please introduce your co-pilot there?

Maj. Gen. Robert J. Brandt, assistant adjutant general, California National Guard, and commander of the California Army National Guard.

My time was all with the air component, proud days in Van Nuys flying F-86 Sabres, and helped to get the unit moved to Channel Islands, which is a great base, and I know, with the C-130's, that they provide tremendous support to the Army. It is a perfectly integrated team effort, our Army Guard and our Air Guard here in California.

General Brandt, if you have an opening statement, sir, please proceed.

STATEMENT OF MAJ. GEN. ROBERT J. BRANDT, ASSISTANT ADJUTANT GENERAL, CALIFORNIA NATIONAL GUARD, AND COMMANDER, CALIFORNIA ARMY NATIONAL GUARD

General BRANDT. Yes, sir.

Mr. Chairman and Congressman Pickett, I would like to make a few comments before I read my prepared statement, but first, on behalf of Maj. Gen. Tandy Boseman, the Adjutant General, and myself, he and I wanted to express our personal thanks to you for allowing us to be here today. Not only for this hearing and today, but for all your support over the many years that you have given to both the California Air and Army National Guard, and particularly, for incidents such as your visit to the soldiers and airmen on the streets of L.A. during the Los Angeles riot, your interests on the border, earthquakes, and many of the other incidents where the California National Guard has been directly involved in support to civil authorities, both law and fire.

Mr. DORNAN. I thank you for bringing me this book, "The Fires and the Furies," by James Delk on the Los Angeles riots, and I will look forward to finding out exactly what happened, as it says here. Thank you.

General BRANDT. I believe that book will be very instructive, because it deals with many of the operations that the active component is faced with, in fact, right now, in Bosnia.

I recently came from a visit to Fort Leavenworth, KS, where the Third Infantry Division of the United States Army was conducting a command post exercise with the 24th Motorized Division of the Ukrainian Army, and it was a peace-keeping scenario.

Absent the incident of mortar fire, the missions that they were trying to work collectively and together with concerned almost every single event that we faced in the streets of Los Angeles; and while the California National Guard made some errors in the L.A. riot, we learned from those, and we, I think, have demonstrated our professionalism and expertise in operations other than war, both then and since then.

The National Guard is a unique organization, the only military service with three missions. The first is national defense, the second is State public safety, and the third is community support. The National Guard is organized and equipped for national defense as part of the departments of the Army and Air Force. Army and Air National Guard units are a vital part of the total force and have

served in every major national security mission since its founding in 1636.

Training for our primary mission of national defense prepares us for our second mission, State and public safety. Each year, the California National Guard is called to assist civil authorities in protecting life and property during state emergencies.

The California National Guard averages 33 percent of our Nation's military support to civil authority missions. In 1994, for example, we responded to 51 percent of the Nation's military support to civil authorities' requirements.

Our third and equally important mission is community support. Youth programs and community service projects are the principle focus of our community mission. Our community programs, including drug demand reduction, focus on inner-city youth, providing education and training in various formats that build self-esteem, discipline, and leadership skills. In addition, the National Guard units support recreation activities and public service events that benefit all members of the community.

The personnel and equipment required to meet our national security mission—this is an important point—also supports our community-based programs throughout California and provide essential resources to the State for public safety.

Often you hear, well, we are really not—the National Guard has a State mission, so we ought to equip you for your State mission, but unfortunately, they miss the point. The opposite is what is true. The equipment, the mission, the training for our national mission is what provides us the resources to assist the civil authorities in the communities in which we live. The National Guard has been a principle supporter of national drug efforts, domestically and internationally, since 1977. Since that time, the National Guard has become a congressionally-funded, strongly-supported full partner in the counter-drug operations, both in the areas of supply and demand reduction. Currently, the National Guard executes an annual budget of \$158 million, with more than 3,500 Army and Air National Guard on duty daily nationwide. In California, over 350 guard members are currently assigned to the counterdrug task force. National Guard members perform more than 6,400 individual missions annually in support of Federal, State, and local law-enforcement agencies.

I might add, California routinely receives between 2,000 and 2,500 mission requests annually, of which we are only able to accomplish between 5 and 6 hundred of those missions. So, we turn law-enforcement agencies away each year because of a limit on resources.

Concurrently, the National Guard has become a nationally-recognized leader in volunteer-supported, demand-reduction activities in more than 3,000 armories, bases, and communities where National Guard people live and work.

Border support missions are appropriate for the National Guard. The National Guard is the best military organization to provide this support to civil authorities. Our community basing provides forced stability that the active components lack. This stability enables us to assign soldiers and airmen to border support missions for long periods of time. In California, we have National Guards-

men, both Air and Army, who have been on this duty over 6½ years.

We in the National Guard are—this is our community.

As it was expressed so eloquently by the law-enforcement officers, we also live in these cities and communities, and I am a third-generation Californian, my family grew up here, as well as my children. I had an opportunity to be in Vietnam, and it was a long war. We did not win it.

Well, this is the second long war I have been involved in and have not yet had the opportunity to be in one to win.

Mr. DORNAN. We did not lose it either, General, as we know.

General BRANDT. Yes, sir.

Mr. DORNAN. We walked away.

General BRANDT. I do not want to lose this one, and it is vital to all of us and to each and every one of our families.

Mr. DORNAN. Great.

General BRANDT. This, in turn, helps us build bonds of trust between our personnel and law-enforcement officers that is critical for mission accomplishment. Our personnel should, however, always remain in a support role. We should provide support to local, State, and Federal law-enforcement agencies to enhance their ability to perform their missions. The National Guard is a force multiplier. We enhance the capabilities of civilian agencies by providing soldiers and airmen that have skills, training, and equipment unique to the Army.

The California National Guard began providing limited ground, tactical, and aviation support to U.S. Border Patrol counter-drug operations along the California-Mexican border in 1989. In the fall of 1990, the California National Guard combat engineers began road construction and road maintenance operations in west San Diego County to provide improved access to the Border Patrol officers and to enable construction of steel fencing to prevent large loads of drugs from being driven directly across the border. This increased Board Patrol drug seizures in the area by 1,000 percent, decreased officer injuries, and helped increase cocaine seizures at the ports of entry.

The engineer project has continued to work east along the border. To date, the engineers have constructed 21 miles of new roads, improved more than 415 miles of existing roads, and assisted in building 21 miles of fence.

In 1991, the California National Guard increased ground and air tactical support to the San Diego Border Patrol Sector, supporting Border Patrol counterdrug operations in Campo, Ote Mesa, and Imperial Beach. In 1992, we began supporting the Calexico Border Patrol station with personnel to monitor border cameras. In 1993, we began supporting coordinated tactical counter-drug operations with both the San Diego and El Centro Border Patrol Sectors and provided HH-60 and OH-58 helicopter support, equipped with thermal imaging systems. The following year, at the direction of Governor Wilson, we increased the level of counter-drug support to the Border Patrol by fielding an intelligence analyst support team to the El Centro Sector, night-scope operators for Imperial Beach, and increased level of tactical support in both sectors.

I would also like to add that, in addition to this, Governor Wilson also added over 50 State-funded National Guardsmen to assist the Border Patrol in operations that were mentioned earlier—driving vans, repairing vehicles, running ranges, operating night scopes—that released trained Border Patrol officers to accomplish their mission on the border; and we presently still have, I believe, 33 of those State-funded Guardsmen on the border.

Our mission focus for fiscal year 1996 has been on supporting the interdiction efforts of law-enforcement agencies. The primary tasks we conduct include cargo inspections, engineer support, aero-reconnaissance, intelligence, analyst support, linguist support, photo-reconnaissance, and ground tactical support. We match law-enforcement support, wherever possible, with missions which enhance our preparedness for war-fighting and security missions. Additionally, we seek opportunities to conduct counter-drug support incidental to on-going training.

The significant levels of counter-drug support provided by the California National Guard have collateral benefits to Border Patrol's enforcement of immigration law. The additional mobility provided by the road project and the monitoring capability of ground and air tactical operations increase the overall effectiveness of the Border Patrol officers in the field, while reducing both officer and illegal alien injuries.

Congress can continue to assist the National Guard as a whole in performing our border support missions by ensuring that we continue to field the latest and most modern military equipment.

We also request that the Congress provide a separate line item in the Department of Defense appropriation for National Guard counter-drug operations at a baseline of \$180 million for fiscal year 1997. The National Guard counterdrug funding has been cut by 31 percent during the years 1993 to 1996. This was despite the fact that the National Guard was involved in seizing domestically 130 metric tons of cocaine in 1994, which was a significant percentage of the total cocaine seized in all programs within the United States.

We have two critical issues in California that require attention of Congress. We are requesting the support of Congress in obtaining authorization and appropriations for six OH-58 Delta model helicopters for counter-drug operations. By September 1996, the Army's aviation restructuring initiative will reduce the California Army National Guard's fleet of OH-58A aircraft from 31 to 6. The OH-58 is our primary airframe for counter-drug missions because of its low cost of operation. The reduction of the OH-58 aircraft will drastically reduce our ability to support counter-drug operations. We require the new OH-58D aircraft, or comparable OH-58A-Plus reconnaissance and interdiction, or RAID, aircraft in order to compensate for the loss of our other helicopters.

Mr. DORNAN. General, we were able to give you more H-60 Black Hawks.

General BRANDT. Yes, sir.

Mr. DORNAN. It is so much more expensive to operate than the Bell Jet Ranger, as it is called in civilian version.

General BRANDT. That is correct.

Mr. DORNAN. I was not aware that you were going from 31 to 6. I cannot believe that. We have won the past battles, so let us saddle up again.

General BRANDT. The OH-58 Deltas and the OH-58A-Plus RAID aircraft—especially the OH-58 RAID aircraft—they are equipped with thermal imaging systems, with tape recorders, with precise navigation systems that the data is recorded on the tapes, and can be used and introduced as evidence, and also have radios that are compatible with all the law-enforcement agencies that we support. So, it is a critical piece of equipment.

We have four RAID aircraft in California presently, and if you flip California over on the east coast, in the same area on the east coast, there are 22 RAID aircraft. So, we are trying to cover a distance similar to that of Paris to Rome with four aircraft.

We also request support of Congress in retaining and fully resourcing the 40th Infantry Division (Mechanized). The Department of the Army is considering a proposal to eliminate California's 40th Infantry Division from the National Guard force structure. The 40th Division is a core element, ensuring the California National Guard's readiness to perform Federal missions and protect public safety of the citizens of California. Most of the troops, equipment, and aircraft that we utilize for counterdrug missions are assigned to the 40th Infantry Division. We must preserve the 40th Division and fully fund its training and equipment needs if the California National Guard is to continue to provide support to civil authorities on the border.

In conclusion, the California National Guard is committed to its continuing role of supporting civil authorities along the U.S.-Mexico border. We will continue to act as a force multiplier, enhancing law-enforcement effectiveness in fighting the war on drugs. The collateral benefits of drug-enforcement support will also enhance the Border Patrol immigration enforcement activities. Our most important contribution in performing the border support missions will remain increased safety for both the public and law-enforcement officers. A fully capable and resourced 40th Infantry Division will be ready when called to meet our Federal war-fighting missions. A fully capable and resourced 40th Infantry Division can accomplish its second mission of public safety. The 40th Infantry Division excels at operations other than war, such as earthquake assistance, wildfire assistance, restoration of civil order, counter-drug operations, and extensive engineer operations. Every \$1 spent on the 40th Infantry Division (Mechanized) gets \$2 of return through preparedness for national defense, first, and protection of public safety, second.

I thank you very much, sir, and I neglected to introduce Lt. Col. Tim Callan, who is the executive officer of the California National Guard; and I am ready to entertain any questions.

[The prepared statement of Major General Brandt follows:]

STATEMENT BY

Major General Robert J. Brandt
Assistant Adjutant General
California National Guard

BEFORE THE

House Committee on
National Security

Subcommittee on
Military Personnel

REGARDING

The California National Guard's role on the
United States-Mexico Border

March 15, 1996

CALIFORNIA NATIONAL GUARD

The Guard's Role on the United States-Mexico Border

- **TAB A: TESTIMONY**
- **TAB B: CURRENT U.S. BORDER PATROL
SUPPORT**
- **TAB C: NATIONAL GUARD COUNTERDRUG
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INFORMATION PAPER**
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INFORMATION PAPER**



Roles and Missions of the National Guard

The National Guard is a unique organization, the only military service with three missions: National Defense, State Public Safety and Community Support. The National Guard is organized and equipped for national defense as part of the Departments of the Army and Air Force. Army and Air National Guard units are a vital part of the Total Force and have served in every major national security mission since its founding in 1636.

Training for our primary mission of National Defense prepares us for our second mission: State Public Safety. Each year the California National Guard is called to assist civil authorities in protecting life and property during state emergencies. The California National Guard averages 33 percent of our nation's military support to civil authority missions. In 1994, for example, we responded to 51 percent of this nation's military support to civil authorities missions.

Our third and equally important mission is Community Support. Youth Programs and community service projects are the principle focus of our Community mission. Our community programs, include Drug Demand Reduction, inner-city youth, providing education and training in various formats that build self-esteem, discipline and leadership skills. In addition National Guard units support recreation activities and public service events that benefit all members of the community.

The personnel and equipment required to meet our national security mission also support community based programs throughout California and provide essential resources to the State for public safety.

History of the National Guard Border Support Operations

The National Guard has been a principle supporter of national drug control efforts, domestically and internationally, since 1977. Since that time, the National Guard has become a congressionally funded, strongly supported, full partner in counterdrug operations, both in the areas of supply and demand reduction. Currently, the National Guard executes an annual budget of \$158 million with more than 3,500 Army and Air National Guard men and women on duty daily nationwide. In California over 350 Guard members are currently assigned to our counterdrug task force. National Guard members perform more than 6,400 individual missions annually in support of federal, state and local drug law enforcement agencies. Concurrently, the National Guard has become a nationally recognized leader in volunteer-supported, drug demand reduction activities in the more than 3,000 armories, bases and communities where National Guard people live and work.

Border support missions are appropriate for the National Guard. The National Guard is the best military organization to provide this support to civil authorities. Our community basing provides force stability that the Active Components lack. This stability enables us to assign soldiers and airmen to border support missions for long periods of time. This in turn helps build the bonds of trust between our personnel and law enforcement officers that is critical for mission accomplishment. Our personnel should, however, always remain in a support role. We should provide support to local, state and federal law enforcement agencies to enhance their ability to perform their missions. The National Guard is a force multiplier. We enhance the capabilities of civilian agencies by providing soldiers and airmen that have skills, training and equipment unique to the military.

California National Guard Border Operations

The California National Guard began providing limited ground tactical and aviation support to US Border Patrol Counterdrug operations along the California/Mexico border in 1989. In the Fall of 1990, California National Guard combat engineers began road construction and road maintenance operations in west San Diego County to provide improved access to the border for Border Patrol Officers and to enable construction of steel fencing to prevent large loads of drugs from being driven directly across the border. This increased Border Patrol drug seizures in the area by 1000 percent, decreased officer injuries and helped increase cocaine seizures at the Ports of Entry. The engineer project has continued to work east along the border. To date, the engineers have constructed 21 miles of new roads, improved more than 415 miles of existing roads and built 21 miles of fence.

In 1991, the California National Guard increased ground and air tactical support to the San Diego Border Patrol Sector, supporting Border Patrol counterdrug operations in Campo, Otay Mesa and Imperial Beach. In 1992, we began supporting the Calexico Border Patrol Station with personnel to monitor border cameras. In 1993, we began supporting coordinated tactical counterdrug operations with both the San Diego and El Centro Border Patrol Sectors and provided HH-60 and OH-58 helicopter support, equipped with a thermal imagery system. The following year, at the direction of Governor Wilson, we increased the level of counterdrug support to the Border Patrol by fielding an intelligence analyst support team to the El Centro Sector, night scope operators for Imperial Beach and increased the level of tactical support to both sectors.

Our mission focus for fiscal year 1996 has been on supporting the interdiction efforts of law enforcement agencies. The primary tasks we conduct include cargo inspections, engineer support, aerial reconnaissance, intelligence analyst support, linguist support, photo reconnaissance and ground tactical support. We match law enforcement support wherever possible with missions which enhance our preparedness

for warfighting and security missions. Additionally, we seek opportunities to conduct counterdrug support incidental to ongoing training.

The significant levels of counterdrug support provided by the California National Guard have collateral benefits to Border Patrol's enforcement of immigration law. The additional mobility provided by the road project and the monitoring capability of ground and air tactical operations increase the overall effectiveness of Border Patrol officers in the field, while reducing both officer and illegal alien injuries.

Support Requested

Congress can continue to assist the National Guard as a whole in performing our border support missions by ensuring that we continue to field the latest and most modern military equipment.

We also request that Congress provide a separate line item in the Department of the Defense Appropriation for National Guard Counterdrug Operations at a baseline of \$180,000,000 for fiscal year 1997. National Guard Counterdrug funding has been cut by 31% during the years 1993-1996. This was despite the fact that the National Guard was involved in seizing domestically 130 metric tons of cocaine in 1994, which was a significant percentage of the total cocaine seized in all programs within the US.

We have two critical issues in California that require the attention of Congress. We are requesting the support of Congress in obtaining authorization and appropriations for six OH-58D model helicopters for counterdrug operations. The Army's Aviation Restructuring Initiative will reduce the California Army National Guard's fleet of OH-58A aircraft from 31 to 6 by September, 1996. The OH-58 is our primary airframe for counterdrug missions because of its low cost of operation. The reduction of the OH-58A aircraft will drastically reduce our ability to support counterdrug operations. We require the newer OH-58D aircraft, or the comparable OH-58A+ Reconnaissance and Interdiction (RAID) aircraft, in order to compensate for the loss of our other helicopters.

We also request the support of Congress in retaining and fully resourcing the 40th Infantry Division (Mechanized). The Department of the Army is considering a proposal to eliminate California's 40th Infantry Division from the National Guard force structure. The 40th Division is the core element ensuring the California National Guard's readiness to perform federal missions and protect the public safety of the citizens of California. Most of the troops, equipment and aircraft that we utilize for counterdrug missions are assigned to the 40th Division. We must preserve the 40th Division and fully fund its training and equipment needs if the California National Guard is to continue to provide support to civil authorities on the border.

Conclusion

The California National Guard is committed to its continuing role of supporting civil authorities along the US - Mexico Border. We will continue to act as a force multiplier, enhancing law enforcement effectiveness in fighting the war on drugs. The collateral benefits of drug enforcement support will also enhance the Border Patrol immigration enforcement activities. Our most important contribution in performing the border support missions will remain increased safety for both the public and the law enforcement officers. A fully capable and resourced 40th Infantry Division (Mechanized) will be ready when called to meet our federal warfighting missions. A fully capable and resourced 40th Infantry Division can accomplish its second mission of Public Safety. The 40th Infantry Division excels at Operations Other Than War (OOTW) such as earthquake assistance, wildfire assistance, restoration of civil order, counterdrug operations and extensive engineer operations. Every dollar spent on the 40th Infantry Division (Mechanized) gets two dollars of return through preparedness for national defense and protection of public safety.

Every dollar spent on the California National Guard gets two dollars in return through preparedness for both National defense and insuring public safety for the citizens of California.

B

CURRENT U.S. BORDER PATROL SUPPORT

IMMIGRATION ENFORCEMENT SUPPORT: LOCATION:

Drivers	San Diego County
Mechanics	Chula Vista
Range Support	Brown Field
Fence Repair	San Ysidro/Imperial Beach
Electronic Equipment Repair	Chula Vista

COUNTERDRUG SUPPORT: LOCATION:

Engineer support	San Diego County
Thermal Night Scope support	Imperial Beach
Aviation Support - Night Thermal Imagery	Imperial Beach
Observation posts	El Centro/Calexico
Aviation Support - Night Thermal Imagery	El Centro/Calexico
Aviation Support - Night Thermal Imagery	Campo
Aviation Support - Photo reconnaissance	Imperial & San Diego Counties
Intelligence Analysts	El Centro
Liaison & Planning	El Centro
Surveillance Camera Support	Calexico

On a given day 170 National Guardsmen are currently supporting the U.S. Border Patrol. 120 in the federally funded Counterdrug Program and 50 in the State Immigration Enforcement Support Program.

FUTURE MISSIONS:

In addition to maintaining current levels of support, the Border Patrol has requested we increase engineer support, support fence building and repair, field 25 additional scope operators, and over 100 additional infrastructure positions,



Support Implementation of a Budget Line-Item for the National Guard Counterdrug Operations

Problem

- The lack of a line-item entry for the National Guard Bureau (NGB) Counterdrug budget on the Department of Defense (DoD) appropriation allows the NGB Counterdrug budget to be depleted with impunity.

Requested Action

- The California National Guard requests that members of California's Congressional Delegation rigorously pursue the proposal to make the NGB Counterdrug budget a line-item entry in the DoD budget for a minimum of \$180,000,000 in fiscal year 1997.

Background

- The NGB Counterdrug funding is currently imbedded into the DoD overall Counterdrug budget. These funds are not "fenced" and are therefore open to reduction. Recent history has shown that these funds have been "raided" by senior DoD officials.
- National Guard funding will have been cut by 31% during the years' 1993-1996. This was despite the fact that the National Guard was involved in seizing domestically 130 metric tons of cocaine in 1994, a significant percentage of the TOTAL cocaine seized in all programs within the U. S. The NGB counterdrug budget was cut three times in FY94, which caused many states to drastically curtail their support to law enforcement agencies.
- The approval of a NGB Counterdrug budget line-item eliminates the disruptive and damaging reductions states would have to make in their programs during the year of execution. These sudden and unforecast reductions, when implemented, create problems with law enforcement agencies who have come to count on the services of the National Guard Counterdrug programs and also create severe soldier and family care issues.
- The National Guard domestic interdiction program is the largest in DoD. This makes it a lucrative target of opportunity when cuts are made or when unexpected expenditures crop up.

D

OH-58A/D Counterdrug Aircraft

Problem

- The Army's Aviation Restructure Initiative (ARI) will reduce the California Army National Guard's fleet of OH-58A aircraft from 31 to 6 by September 1996.
- A primary mission of the OH-58A helicopter in California is support to law enforcement agencies for Counterdrug operations.
- The California Army National Guard currently operates 3 OH-58A+ helicopters equipped with Forward Looking Infrared Radar (FLIR) as the primary counterdrug aircraft for the State of California. The reduction of OH-58A aircraft and the increase in mission requests for FLIR equipped aircraft will exceed the California Army National Guard's ability to support these operations.

Requested Action

- The California National Guard requests that members of California's Congressional Delegation seek authorization and appropriations for six newer model OH-58D Aircraft for Counterdrug operations.

Background

- California operates the OH-58A aircraft as the primary airframe for the counterdrug mission because of its low cost of operation. In the past 12 months this aircraft has been used extensively in the Southwest Border High Intensity Drug Traffic Area (HIDTA).
- The OH-58 FLIR aircraft is essential to Counterdrug operations reconnaissance, observation and surveillance of urban and border drug activity, aerial photo missions, and command and control. The aircraft has the ability to analyze dwellings, and autos, and search terrain for illegal drug manufacturing, and traffic.
- While the OH-58A+ is an adequate aircraft for these missions, the OH-58D is a newer state of the art aircraft that better suits the difficult demands of the Counterdrug operations.
- The special abilities of the OH-58D include a superior FLIR and rotor system allowing for a greater standoff distance and quieter operations when conducting surveillance missions against illegal drug production and trafficking. The FLIR system on the OH-58D also maintains a laser designation targeting system which is ideal for guiding law enforcement agencies to the suspected illegal activity.
- The low cost of operation, reliability, unobtrusive signature, and ease of maintenance makes this aircraft the ideal platform for the majority of aviation missions in support of law enforcement agencies.
- The OH-58D has a more powerful engine providing for a heavier payload and greater maneuverability in hot climates and rocky mountainous terrain commonly flown in border counterdrug missions.

- Law enforcement agencies prefer the OH-58 to all other airframes in the state. The Adjutant General has received letters from virtually every federal, state, and local law enforcement agency in California that describe the loss of OH-58 support as devastating to their counterdrug program. If their agencies had to rent helicopters at the cost of between \$500 to \$800 per commercial flight hour, FY 96 flight support provided to law enforcement would cost them up to \$2.0 million in unforecast costs.
- The cost to operate an OH-58D is \$305.00 per hour compared to \$1,000.00 per hour for a UH-60. Operating 6 UH-60 aircraft instead of the OH-58's would cost an additional \$1,044,000 per year.
- Statistics during FY 94 indicated that for every hour of flight in this aircraft resulted in \$970,000 in drug/asset seizures for this State. The availability rate of aircraft to law enforcement agencies exceeded 85% during this period.
- Seizures attributed to the OH-58 during the past four years are as follows:
 - ◆ FY 92 \$1.05 billion
 - ◆ FY 93 \$1.47 billion
 - ◆ FY 94 \$2.59 billion
 - ◆ FY 95 \$1.95 billion
- National Guard Bureau is forecasting aviation flight hour moneys to the year 2002 based on the aircraft mix requested in state plans. This would represent the funding base for the operation of the aircraft. Maintenance personnel and flight crews would be funded out of existing Pay and Allowance accounts. The hangar space required by the OH-58 is negligible.

E

Retain and Fully Resource the 40th Infantry Division (M) with an Embedded E-Brigade

Problem

- The Department of the Army (DA) is proposing to eliminate all combat divisions from the Army National Guard (ARNG). The plan, if implemented, will sharply impact California. Currently over 55% of the members of the California Army National Guard (CAARNG) are assigned to a combat division. If the proposal is implemented, California can anticipate a major change in the types of units and equipment available for state and federal missions. Additionally, such changes would cause tremendous personnel turbulence, increasing the incidence of non-qualification and displacement of soldiers. These changes will both impact our readiness for federal emergencies as well as threaten public safety in California.

Requested Action

- We are requesting the support of Congress in retaining and fully resourcing the 40th Infantry Division (Mechanized) with an embedded Enhanced Brigade.

Background

- The Department of Defense (DoD) is considering further cuts and changes to the US Army. The proposal, which is based on a study by the Commission on Roles and Missions, would eliminate 20,000 Active Component (AC) soldiers and adversely impact 110,000 ARNG troops. The force structure policy of the Army is based on the threat of having to fight one Major Regional Conflict (MRC) and one Limited Regional Conflict (LRC) concurrently.
- DA has developed a plan to "Enhance" National Guard separate brigades (Approx. 4000 soldiers) that would deploy as an entire unit to a federal mission. These units are tasked with maintaining a higher level of readiness to prepare for early deployment. To maintain the higher level of readiness, the units are required to operate at a higher level of training and require a higher level of resourcing. The additional resources are funded at the expense of non-enhanced units.
- To meet the current threat, DA planners have announced that the Army now needs 10 combat divisions and 15 ARNG E-BDEs, along with their associated support forces. In this proposal, the DA would eliminate or restructure all combat divisions in the ARNG, including California's 40th Infantry Division. The magnitude of these cuts can be seen in comparing the proposed force with that of the total Army in 1991 and as it exists today. In 1991, there were 18 AC divisions and 10 ARNG divisions. Today there are 10 AC divisions and 8 ARNG divisions and 15 E BDEs. Under the proposal, the combat force structure would be reduced to only the 10 AC Divisions and the 15 E-BDEs.
- DA is considering the elimination or restructuring of ARNG divisions because their analysis concludes that there is no role for ARNG combat divisions in the 1 MRC and 1 LRC strategy. Since they determined there is no wartime mission for the Guard divisions, the Army believes that the country is wasting its money in continuing to maintain them. In restructuring these eight ARNG divisions, DA proposes to reorganize units composed of 60,000 soldiers from combat units to support units.

The Army may then cut the remaining 50,000 soldiers that are currently members of ARNG divisions. Under these cuts, California would lose approximately 5,000 soldiers. The CAARNG would also have to reorganize the remaining 7,000 divisional soldiers into new support units. The Army has not indicated that it will provide any funds for the retraining of these soldiers for their new specialties. Estimates for the cost to retrain and re-equip the 60,000 soldiers run as high as three billion dollars.

- ARNG combat divisions have always been, and will continue to be viable and cost-effective solution to maintaining readiness for national emergencies. The cost to maintain an Active Army unit is more than three times that required to maintain an identical unit in the ARNG. The main argument for having AC units is they are immediately ready for deployment in a national emergency, while ARNG units require time after mobilization for additional training. Though AC units maintain a high state of readiness, the nation lacks the sealift and airlift capabilities to deploy all AC elements simultaneously from the continental United States. Past operations shows it would take the Army at least 75 days to deploy five divisions from the U.S. to an overseas theater. National Guard divisions currently are reporting less than 75 days required to complete their pre-deployment training and be ready to deploy. Experience shows Divisions have always been and still are relevant as both a warfighting force and strategic insurance against the unforecasted world situation.
- If California were to lose its 40th Infantry Division (Mechanized), the California National Guard would be hard pressed to respond effectively to natural disasters and civil emergencies. California needs a minimum of 15,000 National Guard soldiers available to respond to the worst case scenarios of a catastrophic earthquake or massive civil unrest. Planners from the Governor's Office of Emergency Services estimate that the state would require at least 10,000 combat soldiers or military police and a minimum of 5,000 support troops (especially from engineer, aviation, medical, and transportation units) to restore order and save lives in the event of a major disaster.
- California can support an E-BDE and ensure it is ready for federal contingencies. The current E-BDEs are assigned as the major unit in states with smaller national guard populations than California. In these smaller states, E-BDEs are experiencing high personnel turnover because of the demands their aggressive training schedules place on their part time soldiers. Locating an E-BDE and embedding it in the 40th Infantry Division (Mechanized) is a sensible solution to this problem. California can retain these soldiers and maintain the strength of the E-BDE because we could rotate soldiers from the high Operations Tempo (OPTEMPO) E-BDE units to the lower OPTEMPO divisional units when the soldiers begin to burn out. The smaller states that currently have E-BDEs cannot do this as they have no other units to rotate personnel into. Divisional units can also provide logistical and training support to the E-BDE as it prepares for federal mobilization and deployment.
- Based on a clear historical precedent, California's Division must be preserved against the sway of Army official's opinion to dismantle ARNG combat forces. A DoD decision, based solely on parochial budgeting considerations, without reference to the unstable environment and the ARNG's historic contributions would be a monumental mistake and forever impact the ability of the ARNG to meet domestic requirements.

Mr. DORNAN. All right.

Colonel Callan, at Ellis Island, your great-grandfather probably had Callahan shortened. What is your middle name?

Colonel CALLAN. My middle name is Timothy.

Mr. DORNAN. What is your first name?

Colonel CALLAN. Mark.

Mr. DORNAN. That is one of my sons, Mark. Well, Mark Timothy Callan, a St. Patrick's Eve greeting to you and all the Callans and the Callahans—

Colonel CALLAN. Thank you, sir.

Mr. DORNAN [continuing]. All the rest of the tribe. Thank you. What is your job title, Lieutenant Colonel?

Colonel CALLAN. I am the executive officer for the headquarters of the California National Guard.

Mr. DORNAN. All right.

Well, General Brandt, you get in your statement there some warnings to this California Congressman about, again, the Pentagon not understanding the importance of our 40th Division to this State, as beautiful and as varied as the topography is of this State, and I can recall, as a teenager, in basic training, saying that California, discounting Alaska—it was not a State then—had the highest mountain, the lowest valley, the best-producing oil well, the most beautiful women, the best deserts, the best skiing, the best—I went on and on, it was terrible, but it is all true.

We also have earthquakes, fires, mud slides. It has been a rough last few years, and all of our guardsmen and our air guardsmen have performed just so well that I cannot believe, given the combat record of the 40th in Korea, for almost the entire course of that 3-year war, and the natural disasters that our Guard has performed so wonderfully in trying to help our citizenry—I still cannot believe that, given that two of our recent presidents have been Californians, one of them for 8 years, Ronald Reagan—I cannot believe we still have to fight all these battles, but could you expand on the Guard role, irrespective of the border, and what value, combat training value our guardsmen and women are getting out of other operations throughout the State in the counterbbb narcotics area.

Could you just say a few things on that, and elaborate on it if you want, Colonel?

General BRANDT. Yes, sir. While we direct a considerable amount of attention to the border, we have the entire State of California that we are responsible for and conduct operations in and support civil authorities in almost every county each year.

On the campaign for marijuana eradication, for instance, that we are entering into again, we have principally used our scout helicopter pilots to perform in concert and with the law-enforcement agencies, reconnaissance operations to locate those marijuana planting areas.

So, whether the pilot and crew member and the aircraft would be looking for a potential enemy or whether they are looking for marijuana gardens, the skills that are required are virtually the same.

Mr. DORNAN. I witnessed that in one of your C-26 aircraft, and it was stunning, the perfect overlap to combat training.

I have a chart here that does not pertain to the Guard, it pertains to—it is a Joint Task Force Six chart on unit war-time mission match or compatibility; and on a scale of 0 to 4, 4 being total perfect match—and it gives all the personnel deployed from the reserves and active duty military to Task Force Six—they are at a 3.48.

Now, that is as close to a perfect match as you can get for combat training, and having just been in Bosnia weekend before last and in Croatia and in Hungary, there is, of course, some overlap there, but not nearly as perfect a war-time unit mission match as is everything you are doing here.

Peace-keeping operations, for whatever value there is, are not as valuable as the service you are giving to your state and your country in these drug interdiction missions.

Can I ask you about Operation Castle Rock? Here is the 1996 schedule. I am going to pass this on to Mr. Pickett. I meant to let him begin the questioning. These are other National Guard engineer units that will do their annual training with the California Guard here.

I guess it has already started. This is throughout all of 1996, building roads, fences along the whole border to assist the Border Patrol. Can we expand on such training all along the southwest border?

Mr. Pickett, just take a look at all of the—I am looking for Virginia. I see Connecticut, Texas, South Carolina. Look at all these units.

Will they come and operate under the command of the 40th Infantry Division?

General BRANDT. They operate under the operational control of the Engineer Brigade of the 40th Infantry Division. That is the headquarters responsible for this engineer operation on the border.

I might add that, presently, the California National Guard has a Task Force Eureka, which is located presently in Panama for six months engineer construction projects that commands and controls over 5,000 engineering personnel, both Air and Army, assisting in building schools, drilling wells, and building roads in Panama.

Congressman Duncan Hunter, in negotiations with the California National Guard Bureau, came to the conclusion, if we can do that in Panama and we have got a real problem right here on the border, is there some way that we can get a large extensive engineering project to build roads and further assist the Border Patrol and U.S. Customs and other agencies?

Mr. DORNAN. I have watched them physically doing it in Honduras and El Salvador, and the same thought occurred to me.

I saw tanks and combat engineering vehicles, with the Texas Republic flag flying off their whip antennas, and I thought, well, wait a minute, this is all well and good, but what about our borders, what about the Texas border?

General BRANDT. Yes, sir. This project that has begun in California will extend across the entire—the intent is for it eventually to extend across the entire southwest border.

It is a multi-year program, and while we are starting in mid-year—these engineer units had other commitments that basically fell through.

They were looking for good training events that they could take part in, and so, these other states came to assist us, and the USAR, also, on this border project.

So, South Carolina is first in, doing a great job, and we are building roads and building barriers; and the barriers are designed, of course, to prevent drive-throughs along the border.

Mr. DORNAN. South Carolina, as you well know, finds itself in a wonderful position.

The Chairman—and they retained the old title—of the Armed Services Committee in the Senate has now broken all records for service in the Senate; and I think he within months of breaking service for anyone who has ever served in the House or the Senate and the Congress, Strom Thurmond, and coincidentally, just by sheer climbing up the ladder of seniority, our Chairman, Floyd Spence, also of South Carolina—I will visit with both of them about South Carolina guardsmen performing great service for my State under the command of the 40th Division. We will certainly make that known to them.

General BRANDT. Yes, sir. We have had many States in years past that have come to California, worked on our engineering programs on the border.

This program is different, because it is a comprehensive program that will improve the road structure and barriers all across the 147 miles, eventually, of California, extending on into Arizona, New Mexico, and on into Texas in future years. Becoming involved in that is truly an important mission for the country, and it really hones their war-time skills, because this is exactly what they would be doing in combat.

Mr. DORNAN. Right. Exactly. It is not something that, once done, it is done forever.

Something I did mean to ask the other panel—and I was constrained by time—is that, in the narcotics area, there is so much money involved, again billions and billions of dollars, that their technology is sometimes superior to ours in thwarting our technology, that they go into the open market and buy electronic devices that thwart ours, run counteroperations to confuse our people, and the same thing, I imagine, no matter how great we build these fences, there is upkeep, there is repair, and they are tunneling under, trying to figure out ways to jump over, and that is why, in some areas, we need triple and double fences, or I should say double and, in some key areas, tripled fences. So, it is an ongoing operation.

Do you have anything wanted to add to that, Colonel Callan?

Colonel CALLAN. Just in one particular area, sir, in which I bring your attention that California has succeeded in the war on drugs, and that is in the establishment and operation of the National Inter-Agency and Counter-Drug Institute in San Luis Obispo.

This institute, which is designed to train military and civilian counter-drug personnel to work together, has had a major impact on the war on drugs, and we would like to invite both you and Mr. Pickett to visit that institute, either in California or as it goes out on the road in the Washington, DC, area.

General BRANDT. In addition to that, I would like to add that this agency really grew out of a real trying time for the law-en-

forcement and California National Guard leaders during 1988, and it was mentioned earlier about the tragic helicopter accident that killed eight people, eight law-enforcement officers and three National Guardsmen, and out of Border Ranger I, it became apparent that, with the multi agencies that were involved and the communications and the problems of coordination and terminology, that there appeared to the California National Guard and other leaders, Oren Fox, and many others, that there needed to be some forum with which we could get these agencies together and reduce the problems in coordination and cooperation, and I think that NICI, as it is called, has done an exceptional job in doing that. And they do take the program on the road, and they also conduct it here at its home in San Luis Obispo, at Camp San Luis Obispo, and I think it has been very effective. I would suggest that, if you have an opportunity with the following law-enforcement officers, to ask them about that school, I think it will give you a much better picture of it from other agencies.

Mr. DORNAN. Good. Thank you.

General, unless Mr. Pickett has any questions, I will make this my final one. What is your opinion of establishing a separate National Guard, a budget line item for all counterdrug funding?

The problem, simply stated, is this lack of a line item entry for the Guard Bureau counterdrug budget allows—in any Department of Defense appropriation; it allows the budget to be depleted with impunity, that counterdrug part of the budget.

Do you think we should specify this?

General BRANDT. I do, sir, because as I indicated earlier, we are in it for the long haul. I am speaking for California now, but in effect, I am speaking for every State in the Union that has personnel in counterdrug operations.

These long-term relationships that develop between the California National Guard and the Border Patrol and DEA, Customs, FBI—those long-term relations are key in being effective, truly effective, and I do not mean to degrade what the active Army or active services bring, because they bring a great deal of expertise, and they bring, in many cases, facilities that we do not have.

The one they cannot bring is stability. As they rotate through, you have the same problems that you had in Vietnam or Korea or any other war. You know, the first 3 months is learning the terrain, if you survive that long, and the second 6 months, if it is a year tour, you are starting to become really effective, and the last 3 months, you know, everybody does start kind of—well, maybe a few people do not, but some people start getting a little gun shy, and so, there is this constant turnover, new people coming in, and it is a problem for the local law-enforcement agencies, where the stability of the Guard, the fact that we live in the same communities and go to the same schools and that sort of thing, we bring the stability, but the stability on our part is interrupted when they continually cut the budget, and then we have to let these people go, and that affects the long-term relations and, I think, the efficiency of the National Guard to provide that support.

Mr. DORNAN. Well, that message is loud and clear, and it may be the best thing that we have gotten out of this field hearing.

Mr. Pickett, did you have anything else?

Mr. PICKETT. Just a couple of things, Mr. Chairman.

General, I noticed, in your comments, you mentioned that you were using thermal imaging devices on your helicopters in furtherance of your operations as far as the border effort is concerned. Can you tell us just a little bit about how you do that and maybe tell us which system that you are using?

General BRANDT. Yes, sir. It is the FLIR system that we use on our RAID aircraft. It is an OH-58 that we have upgraded the engine, and there are a number of these in the National Guard in the various States. Virginia also has some of them.

They have the Wolfsburg radio that provides us with the capability to speak and communicate freely with all the police agencies.

They have a navigational system that is also hooked into the electronic communications systems and the electronic recording systems, so that a law-enforcement officer on the aircraft can, in fact, tape record exactly what is taking place. We use those aircraft along the border at night.

I think that we, along with other active forces, have—because of this capability, reduced greatly the ability of folks to come across the border at night. Some of the systems have laser designators, where we could designate a vehicle on the ground and make it easier for law-enforcement agencies to track the vehicle, but they are very flexible; they are very capable aircraft.

I mentioned the OH-58 Delta, and it has systems that are more modern and, in some ways, more capable, but they do not have the Wolfsburg communications radios that we would need to communicate with the law-enforcement agencies.

Mr. DORNAN. Ironically, the gun-side post or the radar post on the Warrior, the D-model, that post is made right here in this area.

General BRANDT. Yes, sir, southern California, Douglas, I believe.

Mr. DORNAN. Right.

Mr. PICKETT. Is the Guard the only instrumentality using thermal imaging in the Border Patrol effort, or are some of the other organizations also using similar kinds of—

General BRANDT. No, sir. Other agencies also use similar systems. The systems that we are using today—and there is another system that is a ground-mounted system and is an extremely capable system that we use with the Border Patrol and in assistance to the Border Patrol. These systems are very good. If you ever have the opportunity to come to the Imperial Beach Border Patrol station, probably one of the best ones, because it is easy to get to, they have a system that is mounted there that they can monitor a considerable distance of the border from the ocean inward, landward. I have been there at night, when they actually, sitting there, scanning, pick up five, six people coming across the border, immediately call the Border Patrol vehicle, vector them over there, the people hide under some bushes—and we are talking about 2 miles away, or more, looking at this.

The Border Patrol agent gets out, and the guy in the station says OK, just go up that little ridge to your left there, OK, stop, look to the right, they are right below those bushes there. So, I mean they are some very, very sophisticated systems.

The airborne systems give us capability across the State, because we use them in other areas, also.

Mr. PICKETT. Thank you.

Thank you, Mr. Chairman.

Mr. DORNAN. One question I was going to ask Mr. Haskell, the county sheriff's department, whether or not people had ever asked the military or asked the National Guard for a major show of force during periods of severe border incursions. I know my own wife asked me, and the average citizens says we have got this military that we put a quarter-of-a-trillion dollars into, or more, every year—for the Reagan years, it would have been way more than a trillion. Why can't the military help?

Do you get requests like that from average people, from your own wife, about a show of force at the border?

General BRANDT. Periodically, that question comes up, and yes, I have had my own family members ask me that question, but I have to tell you that—and I have thought of the same response in the past, but after having the opportunity to work with the Border Patrol, the Customs, the professionals on the border, like Gus de la Vina and others, you know, it becomes apparent that short-term fixes and shows really are not where it is at, but a defense-in-depth, so to speak, is probably more effective; and to me, defense-in-depth is more professional police officers and Border Patrol officers who are trained for their duties and are extremely professional, augmented by a National Guard and active forces that can thicken the border area and discourage those who would bring drugs into the country or illegal aliens.

I think it can be done in a way that is not as obtrusive, maybe.

Mr. DORNAN. Right. Well, to quote the Irish poet William Yates, "the best lack all conviction." We are changing that. The worst of full of passion and intensity and sometimes patience, and they will just wait out a show of force, as prior panel members have already stated.

Gentlemen, thank you very much. I have no more questions.

General BRANDT. Mr. Chairman, may I just say one thing in closing? I mentioned the Border Patrol often, and I am speaking on behalf of all the members of the California National Guard.

There is not a group of more dedicated people who have been so understaffed for so long, and underresourced, that—how they have maintained their morale to go after and accomplish their job has been truly inspiring to all of us in the National Guard. They truly need the support of the Congress of the United States.

Thank you.

Mr. DORNAN. Thank you, gentlemen.

The subcommittee—and I want to apologize to my official recorders. This is the first light I have ever seen where, when the mike is on, the light is off, and when the light is on, the mike is off. So, I will take a short 8- to 10-minute break here and assemble panel 3.

Thank you very much. We are recessed.

[Recess.]

Mr. DORNAN. The Subcommittee on Military Personnel of the National Security Committee comes back into order. My apologies for that break being a little longer than I had planned, but as the great Irish-English politician, Edmund Burke, said, the fourth es-

tate, meaning the press, is the most powerful of them all. So, they had more than a few questions.

Our last panel—welcome.

The objective of this panel is to discuss the success of the current operations on the border, the need and propriety of increasing the role of military forces in border security operations, and the constitutional implications of using military personnel to enforce the civil laws of the United States, the problems posed by the 1871 law, commonly called the Posse Comitatus law.

Our witnesses include Mr. Rudy Camacho, Director, Customs Management Center, San Diego, U.S. Customs Service; Mr. Gustavo de la Vina—Gus to his friends—Western Regional Director, Immigration and Naturalization Service; Mr. Robert Newberry, Principle Director of Drug Enforcement Policy and Support, Under Secretary of Defense for Policy; Col. Thomas Abbey, Director of Legal Policy Requirements and Resources, Under Secretary of Defense for Personnel and Readiness; and Brig. Gen. David M. Brahms, U.S. Marine Corps, retired.

Gentlemen, let us just start on my left to right with Mr. Camacho. Ray Camacho was the star quarterback of my football team my senior year in high school, and I do not know what has happened to Ray Camacho, but he was good.

Mr. Camacho, if you have an opening statement and you want to put it in the record or read it in full—whatever is your choice, sir.

STATEMENT OF RUDY CAMACHO, DIRECTOR, CUSTOMS MANAGEMENT CENTER, SAN DIEGO, U.S. CUSTOMS SERVICE

Mr. CAMACHO Yes, sir. I have a long statement which I would like to enter for the record, and I will just read this brief statement for the committee.

In viewing the chairman's interest in the spirit of the upcoming holiday, for the sake of gaining favor for Customs on this particular board, I would not mind being called O'Camacho. I do not know if it will work, though.

Good afternoon, Mr. Chairman, Mr. Pickett.

Thank you very much for allowing me this distinct pleasure to appear before this board today and discuss the mission and the accomplishments of the U.S. Customs Service which are directly related to the support provided by the Department of Defense, DOD.

I would like to explain to the committee a little bit about Customs efforts in the area of drug interdiction and the ways in which the Department of Defense assist us in our interdiction efforts. Before I do, I would like to take the opportunity on behalf of the U.S. Customs Service to thank the Department of Defense for all the support they have provided. Without that support, the Customs Service would be hard pressed to fully carry out its counterdrug mission at or near our major ports of entry, seaports, airports, land border ports, and especially on the southwest border.

Customs is many things to many people because of its diverse missions. However, first and foremost, Customs is one of the Nation's primary border agencies, and as our Commissioner, George Weiss, has stated many, many times, Customs No. 1 priority is narcotics interdiction. For the past several decades, Customs has

been committed to developing very effective narcotics interdiction programs, systems, which include an extensive air interdiction program to prohibit smuggling by small private aircraft, well-trained detector dogs to discover the presence of narcotics concealed in containers, cargo, baggage, and on passengers, the recruitment and training of the most competent law-enforcement personnel of any Federal agency, in my judgment, the Customs inspector, the Customs agent, and the Customs canine enforcement officer.

Another operation is, of course, Operation Hard Line, an initiative to detect and prevent narcotics smuggling and port running along the southwest border. These are just a few examples which illustrate that narcotics interdiction is Customs' No. 1 priority. I would like to illustrate examples of extraordinary enforcement work Customs performs for the Nation, with the assistance of the Department of Defense. Operation Hard Line, Customs' long-term initiative to address the problems of border violence and drug smuggling across the southwest border, has met with remarkable results in its first year. Cocaine seizures are up 19 percent, heroin seizures are up 108 percent, and marijuana seizures are up 25 percent.

Also, under Operation Hard Line, port-running incidents have been reduced by 41.5 percent along the entire southwest border due to the strengthening and tightening of ports of entry through innovative inspection techniques, facility improvements, and the use of technology. Recent seizures along the southwest border have shown indisputably the effect Hard Line is having on the drug smugglers' efforts. As one of the Nation's primary border enforcement agencies, Customs continues to seize more drugs than all other Federal law-enforcement agencies combined.

In fiscal year 1995, Customs discovered and/or seized 66 percent of all Federal cocaine seizures, 87 percent of all Federal heroin seizures, and 57 percent of all Federal marijuana seizures, an accomplishment which I believe is impressive by anyone's standards.

The U.S. Customs Service receives various forms of support from the DOD. This support, supplied by either active-duty forces, reserve forces, or the National Guard, includes establishing listening or observation posts, intelligence analysis, and case support personnel, Spanish language translation, maintenance of various Customs-owned technical equipment, the transfer of military surplus equipment to Customs, as well as providing mobile training teams to train Customs agents in a variety of skills and methodologies. DOD intelligence analysts have also contributed significantly to major Customs investigations throughout the Nation.

Customs' air interdiction program has clearly been one of the most successful interdiction programs in this country, not only achieving its objective of reducing general aviation smuggling into the United States but consistently and effectively meeting the challenges of the ever-changing drug-smuggling threat to our Nation. Adding to our ability to identify and track suspect aircraft operating in Mexico and approaching the southwest border is the Customs' domestic air interdiction coordination center, located on March Air Force Base at Riverside, CA. This facility is one of nine nationally colocated on a military base. This represents just one of

many ways in which the DOD provides support to the Customs Service in performing its air interdiction mission.

In addition to providing basing support, DOD provides Customs with detection and monitoring services, strategic and tactical intelligence advisories, logistics support in the form of fuel and parts for our aircraft, and most importantly, actual airframes, which they have loaned to our aviation program. The increasingly high level of cooperation between Customs and the DOD is a direct result of over a decade of working together to defeat a common enemy, the narcotics traffickers.

National Guard support of Customs' antidrug efforts began in fiscal year 1989, with approximately 200 Guardsmen, and reached its peak in fiscal year 1993, with almost 1,000 Guardsmen nationwide. In the past 2 years, the level of support has decreased to approximately 600 nationwide. By the end of fiscal year 1995, the National Guard support had dropped by almost 50 percent, to 119 Guardsmen along the southwest border. In response to requests by Customs to further support our drug interdiction efforts, the National Guard is currently identifying and processing 190 personnel that should begin arriving at the ports of entry in April 1996. Of the 190 new Guardsmen, approximately 150 will be placed at various ports along the southwest border, and the remaining 40 will be divided between south Florida and Puerto Rico. They will assist in intensifying Operation Hard Line on the southwest border, in Florida, and in Puerto Rico.

The assistance provided by the National Guard in counterdrug law enforcement has been invaluable and is directly responsible for Customs achieving many drug seizures and related arrests. For example, with assistance provided by National Guard, 1,558 pounds of marijuana was discovered in a ship of alfalfa hay at the port of Calexico, CA, on December 4, 1995. In addition, the National Guard assisting in drug interdiction efforts in south Florida, along with Customs inspectors and the contraband enforcement team, recently received the Customs Commissioner Unit Citation Award.

As a force multiplier, Guardsmen supplement existing staff, thereby increasing the number of examinations and, more importantly, increasing the intensity and scope of these examinations. National Guard support proportionately increases the number of seizures made by Customs by increasing the number of inspections conducted on high-risk shipments and conveyances. The added manpower also decreases the inspection time per shipment and conveyance.

Some of the specific ways that National Guardsmen assist Customs personnel include the following.

They assist Customs canine units by providing officer security during inspections of cargo, baggage, and conveyances.

They operate under State authority and direct Customs supervision, assist in conducting pre-primary inspections, southwest border team, orientative processing or STOP operations, inspecting truck cabs, fuel tanks, tires, trailers, arriving cargo, using density meters or busters, laser rangefinders, fiber-optic scopes, as well as forklifts, power tools, and vehicle lifts.

They assist in devanning and reloading cargo containers, trailers, and commercial shipments. They assist in traffic control and, very

importantly, I might add, in the handling, transportation, and destruction of seized narcotics.

They assist special personnel by operating many high-technology, nonintrusive devices, detection devices such as mobile and permanent x-ray systems, and hand-held density meters.

In addition to the staffing support provided by DOD, the Customs Service has received major support in the development of high-risk and expensive projects to develop tools to support the frontline Customs officer. The development of these tools include several projects which Customs could not fund on its own. For example, the much-discussed truck x-ray system at Ote Mesa, CA, was developed, tested, evaluated with DOD funding prior to turning it over to Customs operation. Since its debut in September 1994, this one piece of equipment has assisted in the seizure of over 5 tons of narcotics in all types of vehicles. We have invested over \$10 million of our own appropriated funds in purchasing three additional systems.

Several other x ray efforts have been funded by DOD that are currently under development or being tested at Fort Huachuca, AZ, at a DOD-funded facility specifically constructed for the operational testing of law-enforcement agency technology. One that is currently being tested there is a mobile truck x ray that holds great promise at seaports and land border ports for examining containers and discovering false compartments.

DOD is funding contracts for research and development of systems that can detect vapors and particles of narcotics in vehicles, containers, and on people. Two of these systems are being tested now, and Customs has high hopes that they will provide real assistance to our officers in the field.

I want to stress that the help that we receive from DOD is real and is in direct support of our antismuggling mission. Many drug seizures would not have been made if it were not for these contributions. Again, I emphasize that, without the continued support from DOD, Customs would be hard-pressed to fully carry out its counterdrug mission. The partnership we have fostered with the Department of Defense in our efforts in narcotics interdiction must continue in order to maintain these intensified efforts. Together, the Customs service, in concert with the Department of Defense, places a distinctive role in the protection of the Nation's border.

Again, thank you for this opportunity to make this presentation to the subcommittee.

[The prepared statement of Mr. Camacho follows:]

Statement of Rudy Canacho
Director, Southern California Customs Management Center
U.S. Customs Service

Use of Military Personnel
to Secure the United States Border with Mexico
Before the Subcommittee on Military Personnel
Committee on National Security
United States House of Representatives
March 15, 1996

Good morning, Mr. Chairman and Members of the Committee. It is my distinct pleasure to appear before you today to discuss the mission and accomplishments of the United States Customs Service which are directly related to the support provided by the Department of Defense (DoD).

Customs is many things to many people because of its diverse missions. However, first and foremost, Customs is one of the nation's primary border agencies. As Commissioner Weise has stated, Customs Number One priority is narcotics interdiction.

Our greatest challenge has been to develop solid systems and approaches which effectively respond to the smuggler's continuously changing methodologies. Consequently, for the past several decades, Customs has been committed to developing very effective narcotics interdiction programs and systems including:

- an extensive air interdiction program to prohibit smuggling by small private aircraft;
- well-trained detector dogs to discover the presence of narcotics in containers, cargo, and passengers;
- agency intelligence programs to obtain information from all sources and disseminate information through one of the world's most effective computer systems, the Treasury Enforcement Communications System (TECS);
- the recruitment and training of the most competent law enforcement personnel in any Federal agency in my judgement
- the Customs inspector, the Customs agent and the Customs canine enforcement officer;
- the implementation of the most effective and secure enforcement voice communication systems of any law enforcement agency; and, most recently;
- the Operation HARD LINE initiative to detect and prevent narcotics smuggling and port running on the Southwest border.

These are just a few of the examples which illustrate that narcotics interdiction is our Number One priority.

Narcotics Interdiction

As Customs is one of the nation's primary border enforcement agencies, one of Customs principal responsibilities is to prevent the smuggling of drugs into the United States by creating an effective interdiction and investigative capability that disrupts and dismantles smuggling organizations at the border. While the goal remains the same, the tools and strategies Customs employs have changed over time as smugglers have changed their methods. Customs current narcotics strategy has eight major objectives:

- To develop and enhance the collection, analysis, and dissemination of actionable intelligence through increased cooperation among all agencies involved in narcotics enforcement;
- To reduce the permeability of the U.S. border through enhanced surveillance and interdiction efforts;
- To focus interdiction efforts to deny the smuggler access to the air space between the source and transit countries and the border of the United States;
- To develop electronic information systems to target more effectively high-risk cargo, conveyances, and persons at the ports of entry while expediting the flow of legitimate travel and trade;
- To develop and implement more efficient, less intrusive technology and techniques to identify smuggled narcotics;
- To conduct or participate in a variety of independent and multi-agency investigative programs;
- To increase the level of voluntary compliance through outreach programs to the trade community and general public; and
- To work with other nations to disrupt the worldwide smuggling of narcotics.

Not surprisingly, Customs continues to seize more drugs than all other Federal law enforcement agencies combined. In FY 1995, Customs discovered and/or seized 66 percent of all Federal cocaine seizures, 87 percent of all Federal heroin seizures, and 57 percent of all Federal marijuana seizures.

Operation HARD LINE

The Customs Service has seen a constant shift in the methods used by drug smugglers. As a result of the success of Customs Air and Marine Interdiction Programs, and the Immigration and Naturalization Service's Border Patrol Program, smugglers have resorted to attempting to bring drugs into the U.S. through the ports of entry. Customs responded to this shift by developing a strategy called Operation HARD LINE.

Since its inception in 1995, Operation HARD LINE, Customs long-term initiative to address the problems of border violence and drug smuggling across the Southwest border, has met with remarkable results. Cocaine seizures are up 19 percent, heroin seizures are up 108 percent and marijuana seizures are up 25 percent along the Southwest border. Also, under Operation HARD LINE, port running incidents have been reduced by 41.5 percent due to the strengthening and tightening of the ports of entry through innovative inspection techniques, facility improvements and the use of technology. Unannounced enforcement operations, jersey barriers, fixed and pneumatic bollards, speed bumps, gates, stopsticks, aviation assets, and canine resources are all being used to identify and control suspect vehicles.

The smuggling of narcotics in commercial conveyances and cargo poses a significant threat to Customs ability to permanently harden our anti-smuggling efforts because trafficking organizations can conceal far greater quantities of contraband in these shipments rather than in passenger vehicles. With the initiation of HARD LINE, commercial cargo seizures have increased dramatically. In the first quarter of FY 1996, Customs has made 23 commercial cargo seizures along the Southwest border, compared to 26 cargo seizures in all of FY 1995, and 12 cargo seizures in all of FY 1994.

In FY 1996, Customs began the implementation of a strategic plan to address all aspects of cargo processing along the Southwest border as part of HARD LINE. This strategy calls for a series of short-term, intermediate, and long-term actions to address problems related to drug interdiction in the commercial cargo processing area. Customs began working in partnership with the many trucking companies who do business across the border. The Land Border Carrier Initiative Program, as it is called, enlists the support of land border carriers to police their own warehouses and conveyances to deter drug smugglers from using land border commercial conveyances and their cargo to transport contraband into the United States. To date, 440 companies have agreed to work with Customs to improve their security procedures.

Customs has also been operating a truck-size x-ray system located in the import lot at Otay Mesa, California. This is the first

x-ray device of its kind at any port in the United States. It allows us to examine many types of vehicles in just minutes. Two other similar x-ray systems will be installed at the cargo facilities in El Paso, Texas and Calexico, California in 1997. Because of Customs increased success in thwarting air smugglers, the drug lords are increasingly trying to move narcotics on the ground. A high-tech approach which incorporates x-ray systems with other tools such as fiber-optic scopes, density meters, and laser range finders, is of critical importance in effectively and efficiently processing commercial cargo and vehicles if Customs success is to continue in dealing with smugglers along the Southwest border.

Operation HARD LINE, Phase II

Despite the success of HARD LINE, vastly increasing workload demands continue to challenge us. Customs must be prepared to accommodate the increased workload associated with NAFTA, increased travel, and increased commercial shipments along the Southwest border. The workload has increased dramatically over the past 10 years and projections indicate that the workload will double in the next 10 years.

Customs is developing an additional strategy, which is a logical complement to Operation HARD LINE. This strategy will allow us to make a considerable difference along the Southwest border, by enabling us to perform all the tasks at border ports of entry needed to interdict narcotics in commercial cargo and conveyances. This will include targeting and conducting enforcement exams aimed primarily at the truck and driver and conducting more pre-primary and block blitzes to make Customs more unpredictable to the border spotters.

Investigations and Department of Defense Support

The U.S. Customs Service, Office of Investigations, receives various forms of support from the DoD. This support, supplied by either active duty forces, reserve forces or the National Guard, ranges from establishing listening/observation posts, intelligence analysis and case support personnel, Spanish language translation, maintenance of various Customs owned technical equipment, the transfer of military surplus equipment to Customs, as well as providing Mobile Training Teams to train Customs Agents in a variety of skills and methodologies.

From the start of FY 1995 to present, the Military Translation Call attached to Operation Alliance has transcribed 114 Title III intercept tapes for customs in support of several investigations.

DoD intelligence analysts have also contributed significantly to major Customs investigations throughout the nation.

Air and Marine Program

Customs Air Interdiction Program has clearly been one of the most successful interdiction programs, not only achieving its objective of reducing general aviation smuggling into the United States, but consistently and effectively meeting the challenges of the ever changing drug smuggling threat to our nation. In the early 1980s, Customs expanded the Aviation Program to enhance its detection, pursuit, and apprehension capabilities along the border and within the United States, particularly in southern Florida. Downward-looking aerostat radar balloons were deployed in the Caribbean to assist in the detection effort, and system modifications were made to support private aircraft enforcement that included an aircraft tracking system and new aircraft lookout procedures. With this increased sophistication, Customs Air Program was becoming extremely effective against air smuggling in this part of the country. And to no one's surprise, smugglers resorted to air-dropping loads of cocaine to high-speed boats and smaller vessels off the coast of South Florida.

In order to combat this new approach in smuggling methods, a comprehensive Marine Program was initiated. The Marine Program concentrates its operations primarily in the "Customs waters" (the arrival zone) in accordance with the National Maritime Interdiction Strategy and Plan and the National Drug Control Strategy. Marine modules were created utilizing a radar platform and two high-speed interceptor vessels, and a tightening of reporting requirements for all vessels was developed and instituted. Due to a reduced presence by the Coast Guard in arrival and transit zone waters, Customs Marine Program has become critically important in protecting the nation's borders by sea.

As Customs successes in the Air and Marine Programs grew in the late 1980s, smugglers became more desperate and began flying from Colombia, over Mexico, and across the Southwest border to land at locations within the southwestern United States. However, by that time Customs had already successfully expanded its Air Program to that area of the country and deployed a network of aerostats, which DoD now maintains and operates, to provide wide radar coverage. In addition, P-3 Airborne Early Warning and long-range tracking aircraft were acquired and greatly enhanced our ability to intercept and apprehend suspect aircraft along the southwest border.

Adding to our ability to identify and track suspect aircraft

operating in Mexico and approaching the southwest border is the Customs Domestic Air Interdiction Coordination Center (DAICC) located on March AFB at Riverside, California. The DAICC receives radar data from multiple sources such as the aerostats and observes, on a 7x24 hour basis, the movement of aircraft approaching our border. It is the responsibility of DAICC watch personnel to alert the appropriate field office upon detecting a suspect aircraft headed towards the U.S. border. Adequate resources are then launched to effect the apprehension of airborne smugglers.

The DAICC is one of nine Customs Aviation facilities located on a military base. This represents just one of many ways in which the DoD provides support to the Customs Service in performing its air interdiction mission. In addition to providing basing support, DoD provides Customs with Detection and Monitoring services, strategic and tactical intelligence advisories, logistics support in the way of fuel and parts for our aircraft and, most importantly, actual airframes which they have loaned to our Aviation Program. The increasingly high level of cooperation between Customs and the DoD is the direct result of over a decade of working together to thwart a common enemy, narcotics traffickers.

Together, the Customs Air and Marine Programs, in concert with the Department of Defense, play a distinctive role in the protection of the nation's borders from a continually shifting smuggling threat.

National Guard Support

National Guard support of U.S. Customs anti-drug efforts began in FY 1989, with approximately 200 guardsmen and reached its peak in FY 1993, with almost 1000 guardsmen nationwide. In the past 2 years, the level of support has decreased to approximately 600 nationwide. By the end of FY 1995 the National Guard support dropped by almost 50 percent to 119 guardsmen along the Southwest border.

National Guard support for our drug interdiction mission has become an integral part of the Customs anti-smuggling efforts.

In response to requests by Customs to further support our drug interdiction efforts, the National Guard is currently identifying and processing 190 personnel that should begin arriving at ports of entry in April, 1996. Of the 190 new guardsmen, approximately 150 will be placed at various ports along the Southwest border and the remaining 40 will be divided between South Florida and Puerto Rico. They will assist in intensifying Operation HARD LINE on the Southwest border, in Florida and in Puerto Rico.

The assistance provided by the National Guard in counter-drug law enforcement has been invaluable and is directly responsible for Customs achieving many drug seizures and related arrests. For example, with assistance provided by the National Guard, 1,553 pounds of marijuana was discovered in a shipment of alfalfa at the port of Calexico, California, on December 4, 1993. In addition, the National Guard, assisting in drug interdiction efforts in South Florida, along with the Customs Contraband Enforcement Team, recently received the Customs Commissioner's Unit Citation Award.

As a force multiplier, guardsmen supplement existing staff thereby increasing the number of examinations, and more importantly, increasing the intensity and scope of these exams. National Guard support proportionally increases the number of seizures made by Customs by increasing the number of inspections conducted on high risk shipments and conveyances. The added staff also decreases the inspection time per shipment and conveyance.

Some of the specific ways the National Guardsmen assist Customs personnel include the following:

- They assist Customs Canine units by facilitating rapid searches of cargo, baggage, and conveyances.
- They, operating under State authority and under direct Customs supervision, assist in conducting pre-primary inspections, Southwest Border Team Oriented Processing (STOP) operations, inspecting truck cabs, fuel tanks, tires, trailers and arriving cargo using density meters (Busters), laser range finders and fiber optic scopes.
- They assist in deVanning and reloading of cargo containers, trailers and commercial shipments.
- They assist in traffic control during STOP/Block Blitz operations, setting up barricades, and operating x-ray vans and specialized inspection tools and with cargo inspections.
- They assist inspectional personnel by operating many high technology, non-intrusive detection devices (x-rays, density meters, laser range finders) and operating specialized inspection equipment such as forklifts, power tools, and vehicle lifts).

Technology

Customs Service has received major support from the Department of

Defense in the development of high risk and expensive projects to develop tools to support the front line Customs officer. The development of these tools include several projects which Customs could not fund on its own. For example:

- The much discussed truck x-ray system in Otay Mesa was developed, tested and evaluated with DoD funding prior to turning it over for Customs operation. Since its debut in September 1994, it has assisted in the seizure of over 5 tons of drugs in all types of vehicles. We have invested over \$10 million of our appropriated funds in purchasing three additional systems.
- Several other x-ray efforts have been funded by DoD that are currently under development or being tested at Fort Huachuca, Arizona, at a DoD-funded facility specifically constructed for the operational testing of law enforcement agency technology. One that is currently being tested there is a mobile truck x-ray system that holds great promise at seaports and land border ports for looking at empty containers and false compartments.
- DoD is funding contracts for the research and development of systems that can detect the vapors and particles of narcotics in vehicles, in containers, and on people. Two of these systems are being tested now, and Customs has high hopes that they will provide real assistance to our officers in the field.

There are many other instances where the support of the DoD in technology development has helped the Customs mission, and Customs has expressed its thanks and appreciation to Deputy Assistant Secretary of Defense, Brian Sheridan on several occasions. I want to stress that the help that we are receiving from DoD is real, and is in direct support of our anti-smuggling mission. Many drug seizures would not have been made if it were not for these contributions.

Having said all that, I must stress that without the continued support from the DoD, Customs would be hard pressed to fully carry out its counter-drug mission at and near our major seaports, airports, and border ports of entry, and especially the Southwest border. The partnership we have fostered with the Department of Defense in our efforts in narcotics interdiction must continue in order to maintain and intensify these efforts.

Thank you again for this opportunity to appear before the Committee.

I would be glad to take any questions you may have at this time.

Mr. DORNAN. All I can say, Mr. O'Camacho, is you took my breath away. What a report.

Just by chance, this week, I saw one of America's more prolific adventure series producers and writers, Stephen Cannell, talking about an upcoming show on the U.S. Customs Service. He said they have received little attention.

I think he is going to call it "U.S. Customs Confidential."

Mr. CAMACHO. "Customs Classified."

Mr. DORNAN. He said it was the largest agency, but at 19,000, it is like No. 2 or 3, but it is bigger than the FBI. Well, not if you take in administrative personnel. FBI is about 24 agents in the field; it is bigger than the FBI, way bigger than DEA, and maybe America will get some attention. I think that I am like most Americans. I find out about it when "60 Minutes" or "Dateline" or somebody does a good piece.

For example, the canine support teams, the sophistication of truck smuggling that has gone on across our borders, north and south, cigarettes going in and out of Canada—most people are not aware that their cigarette tax is so high in Canada that it is a hot item of contraband, is it not, still?

Mr. CAMACHO. That continues to be. Smugglers are only limited by their own imagination in the market.

Mr. DORNAN. Right.

Mr. CAMACHO. We are constantly doing battle with multi-billion-dollar cartels, and their ability to remain flexible and attack us at what they perceive as our weakest link continues, and we play a game of offense and defense.

Mr. DORNAN. Right. Well, I told you that, in the Miami area, I went on the Blue Thunder, and they showed me this picture, and I asked them to get it for me, and I guess it got lost in the mail. Blue Thunder actually came down on top of another boat.

It was quite a photograph taken by your helicopters from the air. Talk about a capture. Nobody was killed, because they jumped overboard, but Blue Thunder was sitting on top of another cigarette-hull fast boat. It was quite a photograph.

Our U.S. Customs really works hard.

I think, on the negative side, the image of Customs, probably, in 1 year, was more in the comedic area on "Saturday Night Live," where the late John Belushi—and it was not so funny, because it destroyed his young, brilliant life. He was a Customs' agent, and they were going through someone's luggage, while a fake priest was walking through the line with a wheelbarrow full of cocaine, a full wheelbarrow, and there were a lot of jokes about Customs on that show, but it was all dark humor, because there was pretty much a fascination with drugs that killed a couple of the members of that cast.

So, thank you very much. Look forward to learning more during the question period. Quite a report.

Mr. Gus de la Vina for INS, your full statement, if you choose.

**STATEMENT OF GUSTAVO DE LA VINA, WESTERN REGIONAL
DIRECTOR, IMMIGRATION AND NATURALIZATION SERVICE**

Mr. DE LA VINA. My full statement has been submitted. A short version, orally, will follow, and I will try to make it as quickly as possible, Mr. Chairman.

Mr. DORNAN. Please.

Mr. DE LA VINA. Mr. Chairman and Mr. Pickett, I am pleased to testify today on behalf of the INS and the administration's initiatives to secure the southwest border against illegal immigration and narcotics smuggling. I will also describe the important support and contributions which the U.S. military and the National Guard make to these efforts.

The administration has made control of illegal immigration a top priority and has worked to provide INS with the resources necessary for an enforcement strategy that will make a difference quickly and sustain itself over time.

For the first time in recent history, we developed a strategy to restore rule of law to the southwest border. The goal, a border that deters illegal immigration, drug trafficking, and alien smuggling and facilitates legal immigration and commerce.

We appreciate the resources and policy support which Congress has provided in the last 3 years toward achieving this goal. Use of military personnel and equipment as backup support for certain activities has been part of the INS deterrent strategy to regain control of the southwest border.

The INS border control plan has several key objectives: To provide the Border Patrol and other INS enforcement divisions with the personnel, equipment, and technology to deter, detect, and apprehend unauthorized aliens; to regain control of major entry corridors along the border and to close off the routes most frequently used by the smugglers and illegal migrants and to shift traffic to areas that are more remote and difficult to cross, giving INS the tactical advantage.

The INS plan involves strategic deployment of resources, equipment, and technologies in concentrated areas of illegal activity. The President requested and Congress appropriated significant new resources which equipped new agents with vehicles and supporting technology, including night-scopes and sensors.

INS first concentrated the new resources in the San Diego and El Paso sectors, which have historically accounted for 65 percent of all Border Patrol apprehensions. More recently, we have deployed significant new resources in Arizona. INS has deployed 1,150 new agents with funds from the fiscal year 1994 and fiscal year 1995 appropriations. In fiscal year 1996, 800 new Border Patrol agents are targeted for assignment on the southwest border.

Mr. DORNAN. They are in training in Georgia right now?

Mr. DE LA VINA. Not all of them, sir. The first contingency is about to start.

In addition to the 800, 200 Border Patrol positions will be redeployed from interior locations to the border. We have provided agents with advanced technologies to catch illegal crossers and criminal aliens. With the assistance of the U.S. military and National Guard units, we have built miles of roads and fences and in-

stalled lighting, low-level television cameras, and sensors to enhance the effectiveness across the border.

The annual apprehension figures of the Border Patrol reflect the rising number of aliens attempting to enter the United States illegally, as well as the result of increased personnel and technology which has multiplied our effectiveness. During fiscal year 1994, the Patrol made 979,000 apprehensions along the southwest border. In fiscal year 1995, that figure was 1.2 million.

The Office of National Drug Control Policy has designated the INS, through the Border Patrol, as the agency with primary responsibility for drug interdiction between ports of entry along our land borders.

The support the INS has received from the U.S. military and National Guard units derives from the Presidential directives and congressional legislative provisions that the Department of Defense should provide intelligence, training, and direct tactical support to the combined efforts to curb illegal drug trafficking. Drug and alien smuggling are regularly linked. Many criminal smuggling rings are involved in both.

Illegal migrants seeking assistance from alien smugglers often become mules for the entry of illegal narcotics as part of the price of passage to interior points in the United States.

In fiscal year 1994, the Border Patrol made 6,650 drug seizures with a street value of over \$1.6 billion. In fiscal year 1995, there were 6,308 seizures, with a value of almost \$2 billion.

The military support we have received is impressive and most significant to INS. Military and National Guard units have accomplished major construction projects, while individuals are assigned to a variety of vital support functions. Military and National Guard personnel are not utilized in direct apprehension, interrogation, or disposition of aliens. The Immigration and Naturalization Service has never sought assistance in these roles.

We believe that INS personnel, with their specialized training for immigration enforcement, language facility, and cultural sensitivity, should conduct frontline enforcement of immigration laws. The INS is firmly opposed to expanded roles for the military that would go beyond the present authorized support for the narcotic interdiction efforts.

Over the past several years, military and National Guard personnel have assisted INS in building over 40 miles of fencing, with another 18 miles expected this year. Military construction units have also built roads to access the fencing, as well as roads along the entire length of fencing. Fencing and road projects are years ahead due to the military and National Guard endeavors.

Since INS costs are reduced to the procurement of materials only, the design and the engineering cost, normally a high-ticketed item for any construction project, are also provided by military units.

National Guard personnel have also been assigned to support INS officers for specific projects and ongoing nonenforcement tasks. Approximately 60 National Guard personnel are serving as listening post/observation post monitors, intelligence analysts, electronic technicians, vehicle and aircraft mechanics, bus drivers, sensor board monitors, low-light television operators, and firing range offi-

cers in the San Diego, El Centro, Yuma, and Tucson sectors. Their presence has released Border Patrol agents for direct line-watch activities. Military and National Guard assistance to INS is based on specific requests for discrete missions. These are coordinated through Operation Alliance in El Paso. Our requests are reviewed for their nexus to the interdiction of narcotics, the training value to both the military and our agency, the applicability of the economic act, and compliance with title 10 and posse comitatus prohibitions.

We are planning for continuing support from the military. Much of the Department of Defense expertise and specialized equipment could not be funded and secured through our appropriation. Additional Border Patrol agents performing nonenforcement duties can be relieved for direct line-watch activities. Many fencing, road-building, lighting, and other construction projects remain to be accomplished.

The INS has made clear progress in regaining control along the southwest border. INS is advancing each of the key objectives of the border control strategy. It has secured areas of the border where, just 2 years ago, aliens freely crossed with impunity.

The U.S. military and National Guard personnel have made concrete and significant contributions to support this improved border security. INS is successfully raising the cost and difficulty of entering the United States illegally. These efforts have also disrupted former routes for bringing in illicit drugs.

Regaining control of our borders is an ongoing task in which we welcome the assistance of the U.S. military and National Guard units. We appreciate the attention of this subcommittee to this matter and again thank the Congress for its support for our endeavors.

Thank you very much.

[The prepared statement of Mr. de la Vina follows:]

**U.S. IMMIGRATION & NATURALIZATION SERVICE
WESTERN REGION**



**STATEMENT OF
GUSTAVO DE LA VIÑA
WESTERN REGIONAL DIRECTOR
IMMIGRATION AND NATURALIZATION SERVICE**

**BEFORE THE
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL**

**HEARING ON
USE OF MILITARY FORCES IN BORDER SECURITY**

**MARCH 15, 1996
CITY COUNCIL CHAMBER
SANTA ANA, CALIFORNIA**

Mr. Chairman, I am pleased to testify today on behalf of the Administration's initiatives to secure the Southwest Border against illegal immigration and narcotics smuggling. I will also describe the important support contributions which the United States military and the National Guard make to these efforts. We welcome the opportunity provided by the Subcommittee on Military Personnel to discuss the manner in which the military is being used on the border to support the Immigration and Naturalization Service's activities.

The Clinton Administration has made control of illegal immigration a top priority and has worked to provide INS with the resources necessary for an enforcement strategy that will make a difference quickly and sustain itself over time. Years of neglect had left the Southwest border an open invitation to illegal immigration. Therefore, the Clinton Administration, for the first time in recent history, developed a coherent strategy to restore the rule of law to the Southwest border. The Administration's goal is unambiguous: a border that deters illegal immigration, drug trafficking, and alien smuggling and facilitates legal immigration and commerce. We appreciate the resources and policy support which Congress has provided in the last three years toward achieving this goal. Use of military personnel and equipment as back-up support for certain activities

has been part of the INS deterrence strategy to regain control over the Southwest border.

The Administration's border control plan has several key objectives:

- To provide the Border Patrol and other INS enforcement divisions with the personnel, equipment and technology to deter, detect and apprehend unauthorized aliens.
- To regain control of major entry corridors along the border that have been controlled by illegal migrants and smugglers;
- To close off the routes most frequently used by smugglers and unauthorized aliens and to shift traffic to areas that are more remote and difficult to cross, giving INS the tactical advantage; and
- to make our ports of entry work for regular commuters, tourists, trade and other legitimate traffic across our borders.

The Administration's plan involves the strategic deployment of resources, equipment and technologies in concentrated areas of illegal activity. In the past, new INS resources were spread along the length of the border. Dispersed deployment lacked focus and diminished the effectiveness of Border Patrol agents.

As part of the latest comprehensive, strategic efforts, the President requested and Congress appropriated significant new resources which equipped new agents with vehicles and supporting technology including night scopes and sensors. INS first concentrated deployment of the new resources to the San Diego and El Paso sectors which have historically accounted for 65 percent of all Border Patrol apprehensions. More recently, we have deployed significant new resources in Arizona.

Over the past three years, the Clinton Administration has used every resource at its disposal to implement a plan that brings the highest crossed corridors in key urban areas under control. INS has deployed 1,150 new agents with funds from the FY 1994 and 1995 Appropriations. In FY 1996, 800 new Border Patrol agents are targeted for assignment on the Southwest border. In addition 200 Border Patrol positions will be redeployed from interior locations to the border. We have provided agents with advanced technologies to catch illegal crossers and criminal aliens. With the assistance of United States military and National Guard units, we have built miles of roads and fences and installed lighting, low-level television cameras, and sensors to enhance effectiveness across the border.

The annual apprehension figures of the Border Patrol reflect the rising numbers of aliens attempting to enter the United States illegally, as well as the results of increased personnel and technology which has multiplied our effectiveness. During FY 1994, the Patrol made 979,101 apprehensions along the Southwest border; in FY 1995, that figure was 1,271,390. Peso devaluation in Mexico and economic difficulties elsewhere in Central and South America have contributed to the numbers attempting illegal entry across the Southwest border. Well-paying jobs in the American economy draw people from all over the world. The extensive land border and the presence of smuggling organizations drew persons of nearly 100 nationalities to transit Mexico as a way to enter the United States.

The Office of National Drug Control Policy has designated the INS through the Border Patrol as the agency with primary responsibility for drug interdiction between ports of entry along our land borders. The support the INS has received from United States military and National Guard units derives from the Presidential directives and Congressional legislative provisions that the Department of Defense should provide intelligence, training, and direct tactical support to the combined efforts to curb illegal drug trafficking.

Based on intelligence reports and actual experience, drug smuggling and alien smuggling are regularly linked. Many criminal smuggling rings are involved in both. Illegal migrants seeking assistance from coyotes or alien smugglers often become mules for the entry of illegal narcotics as part of the price of passage to interior points in the United States.

Increasingly, South American drug cartels have utilized criminal organizations and smuggling rings in Mexico to bring narcotics into the United States. In FY 1994, the Border Patrol made 6,650 drug seizures with a street value of over \$1.6 billion. In FY 1995, there were 6,308 seizures with a value of almost \$2 billion.. In the vast unfenced areas of the United States-Mexico border, smugglers routinely pay large groups of illegal aliens to rush across the line in one place in an attempt to divert attention from the entry of drug-laden vehicles and persons in another area.

The military support we have received is impressive and most significant to INS. Over the past several years, military and National Guard personnel have assisted INS personnel in building

28.25 miles of fencing in the San Diego Sector, 6 miles in the Yuma Sector, and 7 miles in the Tucson Sector. This year, various military and National Guard units will complete 8 miles of fencing in the Campo Station section of the San Diego Sector; 3 miles in the El Centro Sector; 2 miles at Nogales and 2.5 miles of vehicle barrier at Naco in the Tucson Sector, and 2.3 miles in the El Paso Sector. The military construction units have also built roads to access the fencing as well as roads along the entire length of fencing. These roads were designed and built in areas where roads had never existed before. Other roads difficult to navigate have been rebuilt, greatly reducing body stress and damage to Border Patrol vehicles. In the Yuma Sector, a road approximately 20 miles long, essential for Border Patrol linewatch operations, consistently created driving problems due to the soft sand and absence of a hard base. United States Military Joint Task Force-6 (JTF-6) personnel, providing their own equipment, spent weeks reconstructing the road, while complying with environmental concerns. The end product is a road which can be driven with a 2-wheel drive vehicle if needed.

The benefits to the INS from these and other construction projects is tremendous. Fencing and road projects are years ahead due to the military and National Guard endeavors, since INS costs are reduced to the procurement of

materials only. Design and engineering costs, normally a high ticket item for any construction project, are also provided by the military units.

Over the last few years, National Guard personnel have also been assigned to supplement INS officers for specific projects and ongoing non-enforcement tasks. Approximately 60 National Guard personnel are serving as listening post/observation post monitors, intelligence analysts, electronic technicians, vehicle and aircraft mechanics, bus drivers, sensor board monitors, low-light television operators, and firing range officers in the San Diego, El Centro, Yuma, and Tucson Sectors.. These personnel often work side by side with INS personnel providing valuable experience and expertise. Their presence has released Border Patrol agents for direct linewatch activity, adding more agents at the immediate border.

The military's role in our border control strategy is a continuation of the long-standing support that the Department of Defense has provided to our efforts since 1990. This support role is part of JTF-6's anti-narcotics efforts along the Southwest border. The numbers of military personnel providing this support is no greater than the numbers there at comparable times in the past. What is new is the

fact that we now have a greater degree of integration and cooperation with the military in California and Arizona. Credit for this improved cooperation goes to the U.S. Attorney Alan Bersin, who serves as the Special Representative of the Attorney General for the Southwest Border and has worked hard to maximize this integration. As in the past, we are putting the military where it helps us the most to control the border.

Military and National Guard support for INS is based on specific requests for discrete missions. These are coordinated through Operation Alliance in El Paso. All requests are reviewed for their nexus to the interdiction of narcotics, the training value to both the military and our agency, the applicability of the Economy Act and compliance with Title 10 and posse comitatus prohibitions.

We are planning for continuing support from the military. Much of the Department of Defense expertise and specialized equipment is not available through other means. Additional Border Patrol agents performing non-traditional enforcement duties can be relieved for direct linewatch activities. Many fencing, road-building, lighting and other construction projects remain to be accomplished.

INS is receiving this military and National Guard assistance in border control in strict compliance with existing laws and the American tradition of keeping military forces apart from civil law enforcement. The Posse Comitatus Act (18 U.S.C. Section 1385) prohibits the use of "any part of the Army or the Air Force as a posse comitatus or otherwise to execute the laws," except "in cases and under circumstances expressly authorized by the Constitution or Act of Congress." Chapter 18 of Title 10 (10 U.S.C. Sections 371-381), enacted by Congress in 1981, and annual National Defense Authorization Acts since FY 1991 expressly authorize the Secretary of Defense to provide several forms of assistance to civilian law enforcement officials. Section 374(b)(1)(A) authorizes the Secretary to make personnel available to operate equipment with respect to criminal violations of Sections 274 through 278 of the Immigration and Nationality Act. Each of these Title 10 and National Defense Authorization Act authorizations is subject to the restrictions of 10 U.S.C. Section 375, which instructs the Secretary of Defense to

ensure that any activity (including the provision of any equipment or facility or the assignment or detail of personnel) under this Chapter does not include or permit direct participation by a member of the Army, Navy, Air Force, or Marine Corps in a search, seizure, arrest,

or other similar activity unless participation in such activity by such member is otherwise authorized by law. (emphasis added.)

INS monitors closely the use of military resources, so that Title 10 or posse comitatus violations are avoided.

Military and National Guard personnel are not utilized in the direct apprehension, interrogation or disposition of aliens. The Immigration and Naturalization Service has never sought assistance in these roles. We believe that only INS personnel with their specialized training for immigration enforcement, language facility and cultural sensitivity should conduct frontline enforcement of immigration laws. The Clinton Administration is firmly opposed to expanded roles for the military that would go beyond the present authorized support for the narcotics interdiction efforts.

The Clinton Administration has made clear progress in regaining control along the Southwest border. INS is advancing each of the key objectives of the border control strategy. It has secured areas of the border where just two years ago aliens freely crossed with impunity. United States military and National Guard personnel have made concrete and significant contributions to support this

improved border security. INS has closed off traditional traffic routes, forcing illegal crossers to remote regions and to use longer and more arduous routes. In short, INS is successfully raising the cost and difficulty of entering the United States illegally. These efforts have also disrupted former routes for bringing in illicit drugs.

Regaining control of our borders is an on-going task, in which we welcome the assistance of the United States military and National Guard units. We appreciate the attention of this Subcommittee to this matter and, again, thank the Congress for its support of our endeavor.

Mr. DORNAN. Thank you, Mr. de la Vina. Again, a comprehensive report with much accomplishment enumerated and many challenges to go.

Mr. Newberry, your statement, please, sir, and you can read it in its entirety or abbreviate it, your choice.

STATEMENT OF ROBERT NEWBERRY, PRINCIPAL DIRECTOR OF DRUG ENFORCEMENT POLICY AND SUPPORT, UNDER SECRETARY OF DEFENSE FOR POLICY

Mr. NEWBERRY. Thank you, sir. I will read an abbreviated statement.

Mr. DORNAN. The full statement will be entered in the record.

Mr. NEWBERRY. Thank you, sir.

Good afternoon, Mr. Chairman and Congressman Pickett. It is a pleasure for both me and Colonel Abbey to visit California and participate in this hearing.

Although we have submitted a formal statement for review, I would like to take some minutes to talk about how the Department supports drug law-enforcement agencies and the authorities that guide our actions. I like to take these opportunities because I do not believe a lot of Americans know the extent of DOD support, and a lot of it is not really visible to them.

The Department's counterdrug activities were focused in 1989 when Congress gave us specific authority and direction: One, to act as the single lead agency for detection and monitoring of aerial and maritime trafficking of illegal drugs into the United States in support of law-enforcement agencies; two, to integrate command and control communications and technical intelligence assets that the Federal Government dedicated to drug interdiction; and three, to approve and fund the Governors' State plans for use of the National Guard in counterdrug activities.

In 1991, Congress further expanded our authority to provide support to domestic and foreign law-enforcement agencies in a variety of areas. Many of these address those activities that relate to increased support along the southwest border.

As you are aware, the fundamental restriction under the Department's activities within the United States, mandated by the Posse Comitatus Act, still remains. The military does not directly engage in law-enforcement functions such as arrests, searches, and interrogation of civilians, but this restriction has not kept the Department from being an outstanding force multiplier for law-enforcement agencies.

Over the past 3 years, DOD has expended an average of \$800 million each year for counterdrug programs. We focus these efforts in five strategic areas. The first, in the source nations, we provide training and interdiction support to the countries where the cocaine is coming from—Colombia, Peru, and Bolivia. In Central America and the east Pacific and the Caribbean, we use our ships, airplanes, and intelligence assets to detect, monitor, and hand off the air and maritime drug traffickers to the U.S. law-enforcement and foreign law-enforcement agencies.

In a focused effort to dismantle the drug cartels, we provide intelligence collection, translation, and analysis support to law en-

forcement. Internally, we run a highly effective drug-testing and drug-awareness program within the Department of Defense.

Last, we spend approximately \$300 million each year in support of domestic drug law-enforcement agencies in the United States, through equipment, personnel, training, and operational support. These efforts are focused primarily on multiagency task forces in the high-intensity drug-trafficking areas along the southwest border.

This includes—and I will enumerate a few of these which I think some of which you have heard—about \$33 million in fiscal year 1996 for activities of active-duty reserve military forces under the direction of Joint Task Force Six; about \$44 million to fund the numerous National Guard programs under the four southwest border State Governors' plans; provisions of tens of thousands of items of excess DOD equipment to Federal, State, and local law-enforcement agencies; \$32 million a year to operate a radar barrier along the southwest border using aerostat balloons; over the past 5 years, \$125 million for research, development, and procurement of cargo container equipment for the U.S. Customs Service; over the past 4 years, \$35 million to develop and install real-time computer networks among the Federal, State, and local law-enforcement agencies throughout the southwest border States.

While DOD support alone cannot solve our Nation's drug problem, we can provide the critical and essential support to Federal, State, and local law-enforcement need.

Additionally, although DOD support is limited to those law-enforcement activities with a counterdrug nexus, there are some incidental benefits derived that assist INS in immigration enforcement.

Thank you, Mr. Chairman. That concludes my presentation.
[The prepared statement of Mr. Newberry follows:]

STATEMENT OF

ROBERT J. NEWBERRY
PRINCIPAL DIRECTOR
DRUG ENFORCEMENT POLICY AND SUPPORT

AT A FIELD HEARING BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
HOUSE COMMITTEE ON NATIONAL SECURITY

March 15, 1996

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House Committee on National
Security

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to speak before you today. I am here today to discuss the support that the Department of Defense (DoD) provides to civil authorities and law enforcement, focusing in particular, on the counterdrug support that we provide along the southwest border.

As you may be aware, there is a fundamental restriction on the Department's activities within the United States, mandated by the Posse Comitatus Act. This Act generally prohibits military personnel from directly participating in law enforcement activities: they are not to engage directly in such law enforcement functions as arrests, searches, and interrogations of civilians. Exception may be derived from the Constitution or an act of Congress.

Under Title 10 of the United State Code and the National Defense Authorization and Appropriations Acts of the last several years, the Congress gave the Secretary of Defense expanded authority to assist law enforcement agencies in counterdrug activities. Based on these laws, DoD has been designated as the single lead agency for detection and monitoring of aerial and maritime traffic of illegal drugs into the U.S. in support of law enforcement agencies. Moreover, DoD was directed to integrate command, control, communications, and technical intelligence assets of the Federal government dedicated to drug interdiction, and to approve and fund Governor's State Plans in support of drug interdiction and enforcement operations of drug law enforcement agencies. Section 1004 of the FY91 National Defense Authorization Act further expands DoD support to domestic and host nation law enforcement in ten areas including: training of U.S. and foreign law enforcement agency personnel that have a counterdrug mission; intelligence analysis or translation support; transportation support; support in establishing and operating bases for training or operations; and the construction of roads and fences to block drug smuggling at our international borders.

In support of these and other DoD counterdrug responsibilities, Congress annually appropriates in excess of \$800M a year, over the last three years, to the DoD counterdrug program. I want to touch briefly on the each of the five areas of counterdrug support in which DoD is involved, concluding with our support to domestic law enforcement agencies.

SOURCE NATION SUPPORT

DoD provides training and operational support to host nation police and military counterdrug forces, with a focus towards Colombia, Bolivia, and Peru, the primary source nations where cocaine is cultivated and processed. Enhanced counterdrug activity in the source nations is the foundation of the international portion of the President's National Drug Control Strategy. DoD source nation support falls in three categories: training support; command, control, communications, computers, and intelligence support (C4I); and interdiction support. The goals of these programs are to support and enhance host nation efforts to attack trafficking organizations, disrupt their activities, and imprison their leaders.

TRANSIT ZONE

As the lead U.S. agency for the detection and monitoring of illicit drug smuggling, DoD operates a robust array of radars, ships and aircraft in the Caribbean and East Pacific to identify and hand-off maritime and air smuggling targets to law enforcement agencies. The Department has focused its efforts on intelligence-cued operations: using intelligence on upcoming smuggling events, detection and monitoring assets are positioned to detect and track the drug smugglers. These operational activities are supported by two ROTHRS, E-3s, P-3s, E-2s, Naval combatants and refitted TAGOS radar picket ships. The result is cost-effective coverage of the 6 million square mile transit zone, and flexible capabilities that can respond to changing drug threats.

DISMANTLING CARTELS

DoD intelligence support -- including collection, translation and analysis -- analyzes the cocaine cartels and the movement of cocaine and money, thereby enhancing foreign and domestic law enforcement agencies' efforts to arrest and successfully prosecute drug mafia kingpins and seize their assets. DoD has worked closely with the drug law enforcement agencies to provide the most effective intelligence support possible.

DEMAND REDUCTION

DoD runs a highly-effective zero-tolerance internal demand reduction program that involves drug testing and education for DoD military and civilian personnel. In fact, since 1980, the Department has seen an 88% reduction in reported drug use.

SUPPORT TO DOMESTIC DRUG LAW ENFORCEMENT AGENCIES

DoD spends approximately \$300M each year in support of domestic drug law enforcement agencies (DLEAs) through equipment, personnel, training and operations support. This support serves as a force multiplier to law enforcement agencies and not only helps to improve DLEA effectiveness but also allows DLEAs to focus more of their resources on critical law enforcement interdiction/seizure activities. In the last several years, the Department has seen requests for DoD support to domestic DLEAs grow dramatically. As the number of requests increased, DoD saw a need to provide direction for prioritizing our limited assets and developed policy and procedural guidelines to streamline and prioritize our support. These efforts were enacted to ensure that our efforts were focused primarily on multi-agency task forces in the high-intensity drug trafficking areas along the southwest border.

In FY95, the Department spent approximately \$140M on counterdrug efforts along the southwest border; we expect to maintain this level of funding in FY96 and in the outyears. Our efforts along the southwest border include funding for detection and monitoring of air smuggling by the aerostats along the border, as well as support provided by the National Guard, the active duty, and the reserves.

You heard from the National Guard. National Guard personnel provide a wide array of support to domestic law enforcement not only in California and along the southwest border, but also throughout the United States. National Guard support ranges from intelligence analysis support, to truck and cargo container inspections, to marijuana eradication support. In FY96, the number of Guardsmen acting in support of counterdrug activities was capped by the Congress at 4,000.

You also heard from Joint Task Force Six (JTF-6), which coordinates active duty and reserve support for DLEAs within the U.S. As with the National Guard, JTF-6 provides a wide array of support including operational support, general support, engineer support, intelligence support, and support provided by rapid support units. In FY96, DoD centralized support to domestic law enforcement at JTF-6. In doing so, the Department established a "one-stop-shop" through which to support our customers, the domestic DLEAs, in an efficient, coordinated, and high-impact manner that clearly reinforces the National Drug Control Strategy.

In addition to these larger domestic counterdrug programs, in the last several years, DoD has made a significant contribution with the Southwest Border States Anti-drug Network, providing nearly \$34M in funds and creating a computer network that provides realtime linkage between Federal, state and local law enforcement entities throughout Texas, New Mexico, Arizona, and California. Furthermore, working with Customs, DoD has been pursued a wide variety of counterdrug research and development (R&D) projects focusing on non-intrusive cargo inspection technologies. DoD has seen encouraging results with our backscatter X-ray testbed in Otay Mesa for detecting narcotics in unloaded containers and passenger vehicles (with nearly a ton and a half of marijuana and cocaine seized in four months of operation) and the Customs Service has purchased three such systems for use at other southwest border ports of entry.

The Department of Defense, with its unique assets and capabilities, plays a critical supporting role in the Nation's drug control effort, enhancing the work of law enforcement both domestically and internationally. In a time of shrinking budgets, we have been willing to aggressively focus the resources available to us on the critical counterdrug activities while terminating those programs of lesser effectiveness. While DoD's support to law enforcement alone cannot solve the Nation's drug problem, the Department has made steady progress in running a cost-effective, high-impact counterdrug program, and has provided the critical and essential support that federal, state, and local law enforcement need.

It is DoD policy to cooperate with civilian law enforcement officials to the extent practical, consistent with the needs of national security, military preparedness, and the historic tradition of limiting direct military involvement in civilian law enforcement activities. In the area of counterdrug activities, Congress has given explicit guidance and authority for military involvement that has not been extended to immigration enforcement. Thus, whatever support currently being rendered for other border control initiatives, such as immigration enforcement, is incidental to normal military functions and support for counterdrug activities.

Thank you.

Mr. DORNAN. Thank you, Mr. Newberry, excellent statement. Look forward to the question period.

Colonel Abbey, please, sir. Your full statement will be put in the record, and you can read it at length or abbreviate it as you will.

STATEMENT OF COL. THOMAS ABBEY, USAF, DIRECTOR, LEGAL POLICY REQUIREMENTS AND RESOURCES, UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS

Colonel ABBEY. Mr. Chairman, Mr. Vice Chairman, I am here mainly to answer questions.

Mr. DORNAN. Thank you, colonel.

STATEMENT OF BRIG. GEN. DAVID M. BRAHMS, USMC (RET.)

General BRAHMS. Good afternoon, sir. Good afternoon, Mr. Chairman. Good afternoon, Congressman Pickett.

My name is David Brahms. I am a retired brigadier general, and I am sad to report that I am an attorney, and I am here to seek expiation, and I hope that sometime before this hearing is over, that you will grant me such.

Mr. DORNAN. You and Thomas Jefferson can be proud.

General BRAHMS. By way of counterpoint, my sainted grandmother, Anne Haley, brings you greetings from the beyond.

Mr. DORNAN. Very good. Well, from the beyond, the tinman of the Wizard of Oz, Jack Haley, was my uncle.

General BRAHMS. Perhaps we are related, sir.

Posse Comitatus—we lawyers have learned long ago that, if you invest a concept with mystery and intone it with a bit of Latin, one can pull the wool over anybody's eyes. Posse Comitatus is not mysterious. Posse Comitatus is John Wayne gathering the boys to go get the bad guy.

Posse Comitatus, in common law, was the sheriff's right to gather up a group of laypersons, under penalty of law, by the way, if they did not join, and to have them chase after felons.

Posse Comitatus did not come down as a codicil to the Ten Commandments. Moses had nothing to do with it. Nor can you, even with a constitutional scholar at your right hand, find the concept anywhere in the U.S. Constitution.

No disrespect, Congressman. It is a mere statute.

It is found in title 18, section 1385. Title 18 is instructive, because that is the criminal code section. Posse Comitatus provides, under its most recent change, for a fine and 2 years for those who would use the military as a Posse Comitatus or, more importantly, to execute the laws of the United States. Having said all that, Posse Comitatus does not bar the use of military personnel in anti-drug operations as a generic proposition. It limits their use.

Oftentimes, Posse Comitatus has been used as a shield by the military, and appropriately, I might add, to push away missions that were not, in their view, deemed appropriate and to preserve a very important constitutional concept. The ghost of Crispus Attucks lives in the Posse Comitatus Act.

Although it was for a parochial purpose; namely, to keep the U.S. Army from becoming involved in elections in southern States after the Civil War, the principle that underlies that is much broader and goes back to the Founding Fathers. If you look in the Declara-

tion of Independence, you will see that one of the concerns was the use of the British Army to enforce the law in the colonies. That concept is one which should not be thrown away. It should not be cast away in the name of the antidrug war. It is a concept which is appropriate. It is a concept which has great grounding. Having said that, there are ways to do what needs to be done and to provide the support using active-duty military personnel, and I will come to that.

Let me first tell you what the Posse Comitatus Act does. The Posse Comitatus Act precludes active-duty personnel—Army and Air Force—from executing the laws. That is by the terms of the act itself, and the criminal portion of the Posse Comitatus Act applies to use of the Army and Air Force.

As a result of a long history and interaction with the U.S. Congress, I believe going back to an exchange of correspondence with former Senator Scoop Jackson, there was an agreement made that the Department of Defense would not utilize either the Marine Corps or the Navy in anti-Posse Comitatus action. That, by the way, has recently been strengthened by indirection by the enactment in 1988 of title 10, section 375, which indicates that there is a congressional policy that that, indeed, be carried out. So, it is more than your policy. There is a clear expression of congressional purpose and goal in that.

The Posse Comitatus Act does not apply to the Coast Guard, even though it is often viewed as the fifth service. It does not apply to the National Guard unless it is federalized. It does not apply to reserves unless they are in active-duty status. It does not apply to the civilian investigators of the armed forces. Indeed, there is a case directly on point in which the now-Naval Criminal Investigative Service was involved in antidrug operations, and indeed, the court came back and said that is not a violation of Posse Comitatus.

While I am talking about courts, let me tell you the courts have been very liberal in interpreting Posse Comitatus. As far as I know, no one has ever gone to jail for violating the Posse Comitatus Act, because the courts routinely find it has not been violated. Second, the Posse Comitatus Act has come before the Federal courts and occasionally the State courts in two postures.

One, a criminal defendant trying to suppress evidence which has been taken in violation, so they claim, of the Posse Comitatus Act. I can find no reported case in which the courts have said yes, there has been a violation and yes, it should be suppressed.

A classic case was an undercover operation at Quantico, VA, just outside the military base there, in which a local store was selling weapons in violation of Federal law, and they needed to be penetrated, and the only people who do it credibly were people with short hair, who were young and looked like marines; and marines were sent in and arrest was appropriately made, and when all was said and done, the Fourth Circuit Court of Appeals said that is OK. It might have violated, probably violated, but we are not concerned, because there is no history of a violation.

So, the courts have been very helpful in this, and the concern, of course, is that, one day, they will change their mind and one day, there will be a penalty. I do not think so.

The other posture in which these cases come to court is plaintiffs in a civil tort action who claim that they have been injured as a result of actions by military personnel which have been conducted in violation of Posse Comitatus. The classic is the helicopter chasing after the bank robber and, in the course of doing so, having a misadventure which ended up with some damage to civilian property. The courts routinely have rejected that. So, we do not have a whole history of common law which suggests that the Posse Comitatus Act is a bar to the normal kinds of things that we would consider in support of drug operations.

What kind of behavior does the Posse Comitatus Act preclude as it has evolved? The classic thought process is that it precludes direct participation in law enforcement actions—interdiction of vehicles or aircraft.

Of interest, a predecessor Congress, in title 10, section 374, specifically authorized as an exception to the Posse Comitatus Act certain kinds of interdictions and pursuit by aircraft and seagoing vessels in antidrug operations, as long as they began outside the continental United States.

It also precluded becoming involved in search and seizures, arrests, stop and frisks, surveillance, undercover, interrogation, and having said all that, if the antidrug operation—since we are talking about that, I will focus on it—occurs aboard a military base, makes no difference. It is good. It does not violate the Posse Comitatus Act.

If the military involvement in one of those particular actions is ancillary to a military or foreign affairs purpose, it does not violate the Posse Comitatus Act. So, we begin to look at intent and purpose in defining what does and does not violate the Posse Comitatus Act. As you can see, what appears to be a bar has been whittled away over time.

It also, of course, does not preclude training, advice, sharing of equipment, operating equipment. Some of that antedates the congressional pronouncements which are found in title 10 which specifically authorize that.

Indirect involvement does not violate the Posse Comitatus Act.

There are also special exceptions to the Posse Comitatus Act which I think provide some instruction here. The President of the United States, in case of an insurrection, under title 10, sections 331 through 333, has the power to use the military to put down an insurrection in a variety of fashions. That is an exception to the Posse Comitatus Act.

The protection of the President and the Vice President of the United States and various other officials, under title 18, section 1751, is also an exception; and of course, the drug interdiction activities which the Congress, in the mid- to late-1980's authorized under title 10, sections 371 through 374.

The real problem here is what role should the military play? What they are doing today is not barred by the Posse Comitatus Act in any fashion. If they are to get involved in direct confrontation which involves arrests, involves interrogations, involves classic police action, one on one with citizens, then there is a question that the Posse Comitatus Act has been violated.

My suggestion is as follows. One, if you make a judgment that that is an appropriate course of action or if you make a judgment that additional actions are in order—and this is what the law-enforcement people want and DOD can support it—I suggest that you take a look at the model of the 371–373 of title 10 or, alternatively, at 10 U.S.C. 331 to 334, and give the President of the United States guidance and an opportunity to make a judgment as to whether there is a crisis, if you will, however you would define that, and to authorize limited use of the military for special operation purposes.

The principle of not getting the military involved in direct law enforcement is an ancient one, it is an important one, and I suggest to you, has held us in good stead. We have never had a military coup. We have never had anyone have that set of mind as far as I know. The principle is not only ingrained in our ideas of our forefathers, it is ingrained in that statute. I think the statute is important. It should be nibbled away at, it should not be done away with, and it should be nibbled away at very carefully.

Thank you, sir.

Mr. DORNAN. Well, thank you, general. You have, for this Congressman, demystified whatever aura surrounded this Latin expression, and I have 4 years of high school Latin and enjoy using Latin expressions.

Maybe it was the pain of 4 years of high school Latin that I choose to almost instantly translate them so that it does not look like phony one-upmanship that I can use a lawyer's legal terms, but you really have demystified it, and before I turn to my vice chairman to begin the questioning of this excellent panel, on my way over to Bosnia, or afforded the attempt to get there over New Year's, I went out to the training facility for all of our Army forces in Germany, not at Grafenbourg where they do actual artillery shooting and tank maneuvering, but to Hoenfels, where they do everything but live fire, and I watched Army teams being prepared to go into Bosnia, and they were training on how to stop vehicles, how to search them, how to make civilians get out of vehicles, stand by the side of the road, how to separate them, how to keep their eyes on them, how to carefully search the vehicle so they are not surprised by anything, and how to interrogate people, all of which would be, according to you, a direct violation of Posse Comitatus if it were pursued in that simple police work here.

So, we are training people how to do police work in foreign countries where there are no vital interests.

General BRAHMS. Posse Comitatus does not apply, of course, outside the United States.

Mr. DORNAN. That is right.

So, I appreciate your bottomline statement that it is worthwhile, we should retain it; but to nibble away at it in a crisis period is proper. I think, if Mr. Pickett or any Congressman had been with me at my 3- or 4-hour border briefing a few weeks ago in preparation for this hearing, they could accept the statement by many of the people who had put, like Sheriff Fox, 4 decades into this work down there, that at points in our border it is a crisis, and not just with illegal immigration, throwing a cloud now in the Presidential debate over legal immigration. The narcotics poison flowing into

our country is making very brilliant people like Noble prize winner Milton Friedman, before his conversion to conservatism, the father of withholding tax, but a good man just throw up his hands, as my friend William F. Buckley, and say legalize the whole thing.

Well, it does not go away. It just gets government involved in separating youthful drug use from adult drug use.

It gets the Government into truth in advertising, purity, as it has been involved in white-lightning liquor apprehension for decades, and it gets the government involved in what drugs are we going to legalize and what are we not going to legalize, and who is going to enforce all of this, and not only has advertising become a nightmare, but truth in advertising.

So, I think it is a crisis.

We are not running up the white flag of surrender, and I do not admire the thought process of those who say we should be the first nation, out of 185 in the United Nations and the seven or so that are not in the United Nations, like Taiwan, Switzerland, Tonga, and other island nations—why should we be the first one, the world's only superpower, to say let us legalize it except for this and this and this and this, and we will have law books stacked to the ceiling with what we are not going to legalize and how we are going to get involved in all of the various ramifications of trying to keep people from poisoning themselves with poison.

So, I really appreciate you as the anchorman of this excellent panel.

Mr. Pickett, start off the questioning, please.

MR. PICKETT. Thank you, Mr. Chairman.

I enjoyed the dissertation on Posse Comitatus, also, and I would like, General Brahm, if you would go back to the issue of the National Guard and the reserve.

I know that the National Guard has a dual role and, of course, works for the Governor of the State unless it is federalized, but the actual—in my experience, Governors have utilized the Guard in public safety situations, but the Guard usually does not get involved in arresting people or preferring charges against people or carrying out other police-type function.

Now, they may have that authority, but if it has been exercised, it has been exercised very, very infrequently, and I do not know if you know of a case where it has been exercised or not.

General BRAHMS. While discretion is the better part of valor, often—and we all, while I was on active duty, winced whenever the phrase “Kent State” came up. Perhaps we were oversensitive to that, and perhaps we have come a long way since then, but that was the example that I know, when I talked to my superiors and provided them advice, which included not only legal advice but political advice.

We have to be very careful to make sure that our troops are suitable for this role. However much training they may do, they are not trained law-enforcement persons. The job, for example, of the Marine is to kill people and break things, to put it very bluntly.

That may be antithetical to the kinds of sensitive actions that law-enforcement people have to take every day in confronting lawbreakers or suspected lawbreakers, and the roles, on occasion, can be very different; the set of mind can be very different, particu-

larly when you are talking about an 18- or 19-year-old gung-ho young service member.

Maturity, special training, experience, I believe, is necessary to effectively function on the long term as a law-enforcement person, and the roles are different, the training is different, the mindset is different, not to say that you could not train a military person to do that, but they ain't the same, sir.

Mr. PICKETT. Going back to the issue of the Guard and reserve, again, as I understand, your position is that, under the statute, the way that you read it, there is no prohibition in the statute.

Let me qualify that by saying the Guard has not been federalized in carrying out a U.S. military function. In the case of the reserve, if the reserve is not carrying out a U.S. military function, as you read it, these folks could, indeed, be deputized to carry out police functions.

General BRAHMS. That has been done. One of the interesting exceptions to the Posse Comitatus Act that has arisen is off-duty behavior, not under the aegis of a military superior. For example, many local police forces use service members as undercover agents in the antidrug war. That does not violate the Posse Comitatus Act, because they are not under the aegis of a military superior. It is apart from their military duties.

You can see, Congressman, that there have been some fine lines drawn here, and the fine lines, historically, have been drawn in terms of trying to reach out and provide appropriate responses to requests from law-enforcement persons for help.

I remember an era when we used to debate whether an off-duty Marine could direct traffic at a golf match, a great hurrah over whether that had violated the Posse Comitatus Act, and we have come a long way since then.

I think we have become a good deal more mature and a good deal more forthcoming, perhaps in large measure because of the emphasis of the Congress on antidrug operations and, frankly, the real need to deal with a very serious problem.

Mr. PICKETT. So, you are saying that Posse Comitatus is a little bit of a figleaf, that they use it when they want to and they do not use it when they do not want to.

General BRAHMS. It is a figleaf which has great historical importance. It is like Adam's figleaf, the original. It is not like a copy, sir.

Mr. PICKETT. Mr. Chairman, if you want to pursue this line at this point, I just want to ask one other question, because hearing both from the Customs and Immigration Service side by side, it raises a question that I started out with in our hearing earlier today having to do with the coordination of the efforts of the various organizations that have been pulled together to combat illegal aliens and illegal drugs, and I guess I am just wondering if, in your actual administration of these activities here in an area that is intensely confronted with the problem, you see additional opportunities that may require some adjustment in Federal law that would enable you and your respective agencies, perhaps, to be even more effective than you are today.

Mr. CAMACHO. Congressman, if I could start that off from the Customs perspective, about 2 weeks ago, Congressman Dornan did,

in fact, view one of these joint agency operations in the Imperial Valley, at the LECC; and that was quite a presentation and quite a briefing that was presented at that time, and that involves the coordination and communication between 19 different law-enforcement agencies and the military service.

So, is there a continuing need for communication? Absolutely. Has there been more or less a consensus or a realization that no one particular agency is large enough to do the entire job by itself? Absolutely. I think that is a given fact.

The success that we have had in southern California is something that, under the ID project, as we call it, is something that would hopefully be replicated and used along the border.

That works well between the ports of entry as well as within the ports of entry.

At every major land border crossing from San Diego to Brownsville, there are joint agency teams which are currently working under the NPR in coming up with solutions to make these ports work better, and it is with the idea of doing it with the resources that we have at hand, with the statutes under which we conduct our work today, and utilize those resources that are available from the other agencies.

Mr. PICKETT. Well, let me be blunt—and I do not mean to be accusatory, but some of the stories that we hear seem to focus on the issue of, occasionally, there arises instances when it is a question of who is in charge here, and it may be that one agency or the other asserts I am in charge, this is my case, you get out of the way, and so on.

Is that much of a problem, or is that just incidental to normal activity?

Mr. CAMACHO. Congressman, I think, in years past, that was very much an issue, that was very much a problem. As we have seen this maturing attitude and this actual need to cooperate, you are seeing a lot of those walls come down.

We have a situation—I will be very literal and very realistic—in San Ysidro, CA, the busiest land border crossing in the world, to where we are now scheduling, on one schedule, on one master schedule, immigration officers alongside Customs officers to do the work of the port, regardless of the number.

We used to watch those percentages very, very closely. If this agency had 50 percent of a commitment, we would take 50 percent of the commitment, and there were inward battles constantly going on.

Now, it is an issue of the mission. The mission is of traffic management and the control within the ports of entry. That is our mission.

We have single agency vision goals that are drafted from ground up, from the troops that actually perform these functions through the management levels, that this is the vision of that particular facility, and they have worked very well that way.

Does that end all discussions and all differences between the agencies? Obviously not. Whenever you are in competition for a limited number of resources, these types of issues will, in fact, come up, and the size of different agencies is often representative of those arguments.

Mr. PICKETT. Mr. de la Vina, do you care to comment on that?

Mr. DE LA VINA. I agree with that, Mr. Pickett. I think, years ago, at the ground level, there were a great many, let us say, dissatisfactions between agencies and between agents and what have you.

There was not that much around, but under the present conditions and under the last 5 years or so, with the increase in narcotics, with the increase of illegal entry of illegal aliens, there is a lot of work out there, and I think that we are finding more and more that we are working together.

A prime example is Rudy and myself. Rudy was in charge of San Ysidro, the largest land border port in the United States. I was in charge of San Diego, the position that Chief Williams has, as Chief Patrol Agent.

I think the movement was, after moving the ground people to higher level positions, that we understand the system a lot better, and Rudy and I talk all the time; and we are having a very cooperative effort, and we are seeing this throughout the entire southwest border.

Mr. PICKETT. One final question, Mr. Chairman.

Mr. Newberry, do you find yourself occasionally in the role of a referee in your position as being the Principal Director of Drug Enforcement Policy and Support, Under Secretary of Defense for Policy?

Mr. NEWBERRY. A referee within DOD?

Mr. PICKETT. No, among the various agencies concerned with the issue of illegal aliens and illegal drugs.

Mr. NEWBERRY. Working with JTF-6, I think the military and the Department of Defense throughout the CINC's are fairly clear on having a counterdrug nexus for things that we do, and we work closely with the LEA's.

JTF-6 looks at the mission request, works with the requester in the field to ensure that there is a counterdrug part of this mission, and if there is not, we do not do it, and that authority is out there in the field with JTF-6.

If he has problems with that call, he jacks it up to Force Com, and sometimes it comes all the way up to us, but I do not believe we have to referee it at all. I think it is very clear in the military's eyes that we have authorities from Congress to support the LEA's in counterdrugs, and that is where we draw the line.

Other support to law-enforcement agencies—then we will go to the Secretary of Defense and see what he wants us to do under different statutes.

Mr. PICKETT. What do you do in a situation where one agency comes in with a request for money or support from the military and says this is the best way to go and another agency comes in with another plan also wanting money that does something similar but in a different way? Who settles that issue?

Mr. NEWBERRY. Again, we try to keep it down to the JTF-6 level, because through JTF-6 and Operation Alliance along the border and with their relationships throughout with the Border Patrol, we try to ensure that the law enforcements make the priority, and we try to force the DEA and the FBI to get together with Border Patrol and Customs, and elicit from them what are your priorities?

I mean there is only so much money; there is only so many people that can operate. What are your priorities? Line them up top to bottom.

We try to avoid doing that for them. We will do it for them, however, and we have told them we would, if they want us to, and that usually keeps them moving in the right direction. So, I think we have a good relationship. If I have to pat anybody on the back within DOD, it would have to be Mr. Sheridan, the DASD for Drug Enforcement Policy and Support, Brian Sheridan, a super individual. In the 3 years he has been in the Department of Defense, he has established an excellent rapport with the heads of the agencies throughout the interagency—whether it is State Department or INS or DEA or FBI. He works closely with them. He visits them. He talks to them on the phone constantly, and we probably have the best rapport between the LEA's and DOD that I have seen, and I have been doing this since 1989. So, I think we have all matured in the interagency as far as working together.

Mr. PICKETT. That sounds very encouraging.

Mr. Chairman, on that note, I will conclude my questions.

Mr. DORNAN. Gentlemen, there is so much talent on this panel, what I wanted to do was to try and elicit some information for the average hard-working tax-paying American.

Now, Mr. Pickett just came back from—was it North Island, Owen?

Mr. PICKETT. North Island.

Mr. DORNAN. North Island. He has a son-in-law. His daughter lives on a Navy base, is married to a squadron commander now. I have two nephews on active duty. One has been in the Pentagon for 2½ years. My older brother's son has just made lieutenant commander. I have a younger nephew, his younger brother, one of five brothers, who is an intelligence officer with the F-15E squadron that has rotated from North Carolina and is in Saudi Arabia right now.

People say why didn't you do better in a certain race this last year, and I said, well, I was in Haiti, I was in Bosnia three times, I have been the chairman of two committees, this one and an intelligence committee.

I have been on more bases than most people in the Senate and the House, and I have great familiarity with the military. I know Barry McCaffrey personally. I went to many meetings, unofficially, because we shut down our narcotics select committee, as I said, with Lee Brown.

I know Bill Bennett personally, I asked for this job at one point of drug czar from Mr. Bush, and I still have to remind myself that he is merely a policy person. Lee Brown had 2 dozen people. Bennett had built it up to 146. Now it is going back up to 150. McCaffrey is going to be at Cabinet level, but he is not an overall commander of any war effort.

Now, I have to remind myself that that is not the case. I know the average American man or woman thinks he is, that he is going to be commander of a major operation here to bring together all the hard-working people of these disparate agencies, to use Brian Sheridan and this excellent southern operation task force six that he has put together, and yet, we clearly have a crisis.

I was sitting here thinking as General Brahms was speaking about how, in a crisis, you can authorize military or federalized guardsmen to shoot people who are rioting and looting. This did not happen in the Los Angeles riots. I look forward to reading this book, "Fires and Furies."

We are coming up next month, on the 18th, for the 90th anniversary of the San Francisco earthquake, called the Big One; and yet, when you study that, when you go to the Fremont Hotel on the top of Knob Hill, still a five-star hotel, it was just about to open when it was burned out, you can see all the burn stains, like when the British burned the White House. Cleaned those off and just redid the inside. So, in that hotel, you can go around and look at all the pictures of the earthquake.

Hardly anybody was killed. They died in the fires that followed the earthquake, but you see pictures of soldiers walking through the rubble with their guns, bayonets affixed at port arms.

This briefing that I got, when I thought things were kind of sailing along, down at the border a couple of weeks ago, had this crisis atmosphere to it that, no matter how good we are getting, there are so many billions of dollars involved that the smugglers—were you the one that used the expression, Rudy, that they are limited only by their own imagination?

Mr. CAMACHO. Yes, sir.

Mr. DORNAN. They have got a domestic growth budget that they thwart us at every move. Now, here is what I want to ask you about, again coming back to this overlapping of illegal immigration and narcotics and other drugs besides the ones we have mentioned. There is the pill problem, because you can get anything across the prescription table in Mexico, valium by the barrel-full, which you cannot here.

So, there is trafficking in a lot of illegal pills, also, I mean what would be prescribed here and not there. So, there is a market there. Here is the thing that is so hard in this crisis atmosphere.

If we are going to truly do something other than maintain the status quo and nibble away at percentages of interdiction of drugs or stopping illegal immigration and move it from 5 percent to 10 to 15, now we are somewhere in various categories, 25 to 30 percent. Where are the people now, illegal immigrants? Still 10, 20 percent, somewhere in that area? Thirty percent? What is the INS figure now for what we think we are stopping. We will never know what we are discouraging.

Mr. DE LA VINA. We do not have a true figure, per se, but based on last year's apprehensions and based on the operations that we have initiated right now, our percentages are beginning to slow down considerably over what they were before.

So, we are showing an increase, maybe, perhaps, in the narcotics arena, but the two major locations, in San Diego and in Tucson, we are making some very strong statements as far as deterring the entry of illegal aliens into San Diego and into Tucson; and to be real blunt, Mr. Chairman, 5 years ago—we mentioned earlier—I believe it was you that mentioned earlier that we were at the state of 1,800 arrests in San Diego, and that fluctuates between 1,800 to 1,200.

Five years ago, what you said about Congressman Hunter, the sky is falling—well, I was in San Diego with him during that time-frame, and we were arresting anywhere between 2,500 and 3,000 people attempting illegal entry through that particular zone.

So, we were in deep trouble 5 years ago, and I see that the progression is getting a lot better, from 2,500 to 1,200. We are making some significant progress along that particular corridor of the border.

Mr. DORNAN. Well, let me tell you what a nice young lady reporter just asked me during that break.

I know the problems of getting a piece of videotape on the evening news, even a small operation like Orange County television news. Their studio was in the major newspaper's building, the Register.

She said to me, looking for a scintillating sound byte, Congressman, when people combine immigration and narcotics—and then she makes this huge leap—isn't that cruel and an insult to the Mexican people? That was the question.

I said, well, first of all, if you were following the testimony, there is this overlap of smugglers who do not care where they make their money, making human beings into operations of illegal narcotics smuggling—you are familiar with the term "mule" I said to her. This continues to grow, because this country, as the former First Lady Nancy Reagan said, has such an appetite for drugs, we are destroying governments in South America.

I went to Bolivia on this issue in 1982. I knew that seven Federal Bolivian forces had been hacked to death with machetes the month before I went there, 1982, because they were in a coca-growing area trying to help us; but we were creating the product with our appetite, simple supply and demand.

I was in Ecuador, which said we have no problem to speak of, 1982, but someone had been burned to death; tied between two trees and burned to death; and now Ecuador went from very little problem to a serious problem a few years ago.

Colombia is the easiest example, and I told her this. Their supreme court is 15 people. It is over a decade ago that 11 died, were murdered in a big combat fight trying to control the government, and we have gone all these years. I am afraid to ask what year that was. Maybe it was 1982, 1983. Here we are 12 years later, 14 years later, and we have just declared them a brigand nation on this narcotic issue.

As long as this is in a crisis mode, here is my question—and particularly to Colonel Abbey and Mr. Newberry. Shouldn't Barry McCaffrey, a CEO of one of our combat commands, a CINC—shouldn't he be given some sort of executive authority—he has Cabinet-level rank—beyond policy so that he can function as a combat commander to integrate these 19 agencies we talk about so you can work more smoothly?

You two gentlemen take it first, then you two gentlemen, then if you have a comment, General Brahms, on this crisis. What do we do so that Congressmen do not say where is the strategic plan to not just nibble away at the margins and block 25, 30, or even 50 percent of the narcotics?

It is still a poison tearing our country apart and increasing violence and crime and destroying lives, and the illegal immigration is now interwoven with it. Who cares to what extent? It is the same smugglers, same criminals with disregard for life. What do we do to give it a focus and a strategic plan? I have a feeling that General McCaffrey is going to come up with one, and we are going to be sitting on the full committee about a year from now listening to a report from the so-called drug czar.

Colonel ABBEY. Of course, General McCaffrey now, in his role, is going to be a civilian, and I think, when we start talking of legal implications or statutory implications of what underlies Posse Comitatus, one of the major concerns that General Brahms talked about was the military, I think, is very hesitant to be put in a position of enforcing law against civilians within the U.S. territory, and that is why I think we have given a very strict interpretation.

I do not think we use Posse Comitatus as a figleaf, as was suggested, but I think that we—judge advocates, people in the general counsel's office give it a very strict interpretation because of the underlying principle about not having military come into a law-enforcement function against civilians in this country, and there are exceptions that can be made, and those exceptions are what might be permissible under the Constitution or by an act of Congress.

So, if there is to be an expansion of a military role, then it should be very explicitly authorized, you know, by law.

Mr. DORNAN. By us in the Congress, the House and the Senate.

Colonel ABBEY. Yes, sir.

Mr. DORNAN. What do you think, Mr. Newberry?

Mr. NEWBERRY Well, I took your question more broadly than military control.

Mr. DORNAN. Oh, yes. General McCaffrey will be a civilian.

Mr. NEWBERRY That is right. As far as his—

Mr. DORNAN. He could not, interestingly enough, have become Secretary of Defense, because he would had to have a year's separation, am I not correct, between his retirement, hard retirement date, and the date of swearing in or taking duties.

Colonel ABBEY. I think it is 10 years.

Mr. DORNAN. Ten years.

Colonel ABBEY. It does require a significant amount—

Mr. DORNAN. So, Colin Powell, no matter how beloved he is, could not become Secretary of Defense.

Colonel ABBEY. Unless Congress changed that.

Mr. DORNAN. Unless Congress changed the law or made, I guess, a statute. As you said—I like when you said it is with all due respect for its mystique, it is a mere statute. So, we can change anything.

People forget that nothing is forever when you have a free country, but McCaffrey is an exception. He is going to be a Cabinet-level officer within days of his leaving the CINC job of southern command.

Go ahead, Mr. Newberry. I meant it broadly. What is his role as a civilian Cabinet officer?

Mr. NEWBERRY What I have seen recently is, obviously, his role is going to be to try and get other Cabinet officers to follow his lead in what he thinks is an orchestrated counterdrug role. His hands

are tied somewhat, and I will throw it back at Congress, then, in that even if he asked other agencies to do something and they want to do it, they each have their own individual committees that control what and how they do things.

When Mr. Brown tried to get control of some flexibility of funding and personnel between agencies, separate committees came on-line and restricted that authority within the committees. So, I guess I throw it back—as much as the administration may want to try and tie things together, you have also got committees on the Hill that control the dollars that will limit what Mr. McCaffrey is going to be able to do.

So, it is a joint effort. It is a congressional thing and it is an administration thing. His power is going to be limited to what Congress allows him to do with the dollars and what the President allows him to do within the Cabinet, and what that is I do not know. Time will tell.

Mr. DORNAN. Have you thought about this, the broader scope, Mr. de la Vina, of a strategic plan to win what we loosely call a war?

Mr. DE LA VINA. Sir, in my opinion, there is no quick fix.

Mr. DORNAN. Right.

Mr. DE LA VINA. We are finally getting into the era where we are finally catching up to where we should have been 10 years ago. The attention, the resources are finally coming to us. To be quite frank with you, 5 years ago, 4 years ago, we had no resources on the line. We talk about infrared scopes that the general mentioned earlier, from the National Guard. We did not have any of that.

We were limited on helicopters. We had two helicopters most of the time that would not fly.

Mr. DORNAN. The OH-6's?

Mr. DE LA VINA. The OH-6's.

Mr. DORNAN. I flew in one down there, with a spotlight, trying to find people behind the bush——

Mr. DE LA VINA. That is right, sir.

Mr. DORNAN [continuing]. And direct the ground vehicles to the bush.

Mr. DE LA VINA. That is right.

We did not have the vehicles. Our vehicles were always broken. We did not have a mechanism, we did not have the support. Within this movement within the last 3 years or so, through your efforts, we are seeing a big infusion of resources coming to the border.

I feel that, for the first time, we are getting the support, that the experts on the border—they know what we are doing, the field people know what we are doing. We just need to continue with that support.

I do not think there is a quick-fix. I think that we are making some tremendous progress, and the people in the field have a real good sense of what is going down. We have developed a strategy.

Unfortunately, it takes a long time just to get an agent on board. You mentioned the 800 agents that are in the hiring mode now. That agent will take maybe 6 months before we get to see him. He has got to go through intensive training by the time we put him out in the field. It will take us a good year before he is out of his probationary period.

So, it is a long process, but I think we are definitely on the right track, and I see it as let the people out in the field that know what they are doing, give them the support, give them the technology, give them the equipment, give them the personnel, and they will get the job done.

Mr. DORNAN. Do you want to add anything, Mr. Comacho?

Mr. CAMACHO. Congressman, I certainly would echo Gus' comments on that, but rather than looking at the changes that would be necessary to expand the participation of the military along the border, I would prefer to look at it as a replication of those programs, those issues, those stations that are today proving to be successful.

Gus, myself, we both mentioned that there is legitimate measurable gain currently being had on the border—IV project, Imperial Valley project—you were there. You saw it. You attended the briefings. You saw the numbers. You saw the seizure activity that was going on.

That does not require an extension of authority. That requires a replication all along the U.S.-Mexican border, and if that is what we need, we have many intelligent and very dedicated military and civilian leadership working today.

Those are the systems—if that system is, in fact, working, that system being replicated at every station along the U.S.-Mexican border—there are only 38 ports of entry between San Diego and Brownsville, 2,000 miles. That means that there is a lot of open territory there.

When the numbers come out that say 70 percent of the cocaine entering the United States is coming in through the southern border, that does not mean that that 70 percent is coming in driving over pavement through a port of entry. That does not mean that that 70 percent is coming between the ports of entry.

This entire movement, this entire level of activity that we are seeing heightened right now on the border has got to come together as a collage, as a matrix.

The gains made by Border Patrol between the ports of entry support the gains and activity within the port and vice versa. No one agency can pull it off by themselves, but in combination, when you put that level of forces, that level of training together, that is where you start to see the activity and the results.

Mr. DORNAN. I had hoped to bring the gavel down around 5 o'clock. So, we are within 15 minutes or so, very close.

I just wanted to point out to my colleague from the great Commonwealth of Virginia that this city is a perfect example.

Removed from the border, you would think, a decent distance, but I have gone on ride-alongs with this superb police department here, and they showed me, just a few blocks from right here, down on Third Street, a crack house that was so colorful in an evil way, painted with graffiti from the grass level to the eaves, that I told the officers I was riding with, you could not use this in a movie, it would look too silly.

This is a joke. I can see the city hall from here, and here is a crack house that is so cliché and so stupid looking, with boarded up windows, and he said, well, there are people in there right now, and I met the lieutenant, Lieutenant Garcia or something. He

showed me his scars where a bullet had entered his wrist, looking over a fence, right at this particular area, literally a 4-minute walk from here, had gone through his arm and come out by his elbow without destroying his bones, and the scars were fresh, and he said this is combat around here, and we have people, 10, 14 people living in garages and housing problems, and it creates a tremendous violence and crime and tension and, as I said, gunfire at night sometimes.

Our police force is undermanned in this city, in Garden Grove and Anaheim and all the cities from here to the border.

I hear clearly what you are saying. We do not need a strategic plan. We need resources, well-trained people, forward deployed, a constant show of serious commitment, so that people all the way down in South America, Chile, and Argentina, if the economy goes bad or the politics goes screwy again, they do not think they can just walk up here through a porous border, that they say the United States doesn't controls its borders and do not think we can engage in criminal narcotics and just get through the border easily, but it is going to require, I think, a Cabinet-level person like Barry McCaffrey, for the foreseeable future, for 50 years maybe, 10, 20 years, as long as we are a successful country and other countries are not, as long as the beautiful land of Mexico suffers a one-party system and suffers so much corruption and classes growing apart there.

You look at this great city council here—I see three Hispanic names, an Irish name, a German name, and two English names. So, they work hard in this city, and this is a great city, and this is why I wanted to have it here, but it affects so much of our life and increases—it is a multiplier effect on violence and crime so much that, in my office at noon, right before I came here, I met with a friend to discuss real estate, and I told him I was having these hearings, and I said you have got kids, don't you, and he said six daughters.

I said I forgot about that. I said has narcotics ever hit you, because I do not know what I did right with our five, and he said oh, it has torn our family apart. My oldest daughter is in a recovery home right now. My second daughter is fantastic. My first daughter affected my third daughter. She is battling narcotics. It hit them all in high school. We switched them to Christian schools. It did not do any good. They bumped into the wrong company in the shopping malls.

Well, how are the three younger daughters doing? He says my wife and I fight it every day. We have got our fingers crossed. No American dad with a solid marriage with six daughters should have to go through that.

So, this is a poison that is tearing our country apart, and all of you are doing tremendous work, and whatever we have to do in Congress to help you, we are going to do it; and I will close on some good news as far as the way Congress is structured.

In 3½ years, we start—the first one was in 1790, the census for the beginning of a new century. California has already made four or five new Congressmen in population, and we are stuck at a static 435. So, it comes out of some other state's hide.

Virginia is OK. They just picked up one. They went to 11. Texas has already passed the Empire State in population. Texas is at 30, New York at 31. New York is going to lose a few, and Texas is going to become No. 2. Florida will halfway close the gap to New York. If trends continue, in the year 2010, Florida becomes our third biggest state.

Now, there are the three big sunshine States—California, Texas, and Florida—and our delegations alone, if you give us the right information and demands for resources, these three States alone are going to be able to say to the Congress—we are going to save the other States by controlling our borders from what happens to them in their towns with all these narcotics that go up to Chicago and Seattle; and they get it from both borders, I guess, or before it tears apart Florida for drug wars, hunting down tourists who come to go to Orlando to the four big amusement areas there.

So, thank you for your excellent testimony. We will pass the word on to the rest of this committee, and I have a feeling it is going to be the full committee that is going to hear from McCaffrey.

I am going to recommend to Chairman Floyd Spence that we hear from McCaffrey before he starts on his job, what his hopes are, and then get a yearly, if not a biyearly report from him, because I told President-elect George Bush, when he said why should it be Cabinet-level—I said because at every Cabinet meeting, if this is a true battle, with victory in mind, the drug czar should sit there and say morning drug report, what are you doing at the Department of Education, what are you doing at DOD to keep it zero-tolerance and the cleanest cohort, to use demographic terms, or universe of young people, as you said, a targeted age group, but doing pretty darn well for a million-and-a-half—more than a million-and-a-half people, what are you doing at HUD with housing to clean up these housing projects, what are you doing at Health and Human Services for the prevention programs, that I wanted the drug czar to be a Cabinet level—maybe there was nothing Energy could contribute, but Veterans Affairs—how are you doing with it hitting retired people in veterans hospitals? What is it doing to tax your medical systems? Go down every single department Justice, with all of its various agencies involved there, FBI and everything, to go right—State Department, what are we doing for status of forces treaties or how are other nations helping us before, with our appetite, we destroy their government?

You go right down every Cabinet-level office. You should get a morning report. That is why I am glad McCaffrey is going to be at a Cabinet-level position. So, let us see if we can coordinate all of this better.

I want to recognize—talking about police officers in a good all-American city, I want to recognize the two officers that gave us our security here, William Fieldman and Randy Beckx. I guess they are outside, still, taking care of security, and I am going to meet with the special forces of the Santa Ana Police Force here, who suffer all of the porousness of the border in crime up here, and thank everybody for coming, and my only regret it that this was not on a C-SPAN channel, as sometimes happens back in the District Columbia, seemingly not with the most-important committee hearings.

There are people in this city and all over southern California that could have learned so much and then sent for the written four statements by just watching this, but you cannot get this into a sound byte unless it is a silly question like isn't this an insult to the good working people of the great nation of Mexico? That is not the idea at all.

Did anybody have anything they wanted to say in closing?

Any final thoughts, Mr. Pickett?

Mr. PICKETT. No. Very good job.

Mr. DORNAN. Thank you.

Thank you, ladies and gentlemen, for a wonderful afternoon of hearings.

The subcommittee is adjourned.

[Whereupon, at 5:25 p.m., the subcommittee was adjourned.]

[The following prepared statements and documents were submitted for the record.]

**STATEMENTS
SUBMITTED
FOR THE
RECORD**



N E W S F R O M

Congressman
Robert K. Dornan

46th District, California
 1201 Longworth Building
 Washington, D.C. 20515
 202/225-2965

FOR IMMEDIATE RELEASE
 Wednesday, March 6, 1996

Contact: Bill Fallon/Paul Mero
 (202) 225-2965

**DORNAN TO CONDUCT HEARING ON COMMITTING
 MORE MILITARY MANPOWER TO BORDER SECURITY**

Congressman Robert K. Dornan has announced that the House National Security Committee's Subcommittee on Military Personnel, that he chairs, will conduct a hearing on the use of military personnel to increase border security.

"Recently, during my most recent visit to the border, I was shocked by the increased intensity of the pressure on the border created by drug smuggling and illegal immigration," Dornan said.

"Despite the seizure of over 200,000 pounds of cocaine in 1995, there is continuing evidence that the smuggling of drugs has reached new heights. The decreasing street price of cocaine to a new low of \$84 a gram is sad testimony to our failure to stop the flow of drugs. In just the last year, there has been a 66 percent increase in apprehensions of illegal immigrants along the border with Mexico and in San Diego the daily arrest rate is up 51 percent to a staggering 1,890 arrests a day," Dornan said.

The hearing will be conducted at 10:00 a.m. on March 15, 1996 in the Santa Ana City Council Chamber. The Subcommittee will hear testimony from local law enforcement engaged in border operations, state officials, and representatives from Federal agencies to include the Immigration and Naturalization Service, the Customs Service and the Department of Defense.

Dornan added, "the drug smuggling and illegal immigration that we are unable to control at our border, is costing this nation untold millions of dollars. We simply must at least consider some of the proposals that call for the increased use of military forces in border security roles. Although the military would seem to offer the manpower and capability needed on our borders, we must carefully examine all the arguments on both sides of the issue. That balanced assessment of the issues is the primary objective of the hearing."

Dornan indicated that a follow-up hearing on the issue may be conducted later this year in Washington.

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N E W S F R O M

Congressman
Robert K. Dornan

46th District, California
 1201 Longworth Building
 Washington, D.C. 20515
 (202) 225-2965

FOR IMMEDIATE RELEASE
 March 13, 1996

Contact: Bill Fallon
 (202) 225-2965

**Dornan Announces Time & Witnesses for Field Hearing on
 Military Personnel & Border Security**

Washington, D.C. — "A policy that sends thousands of U.S. military troops at a cost of billions of dollars to distant places such as Somalia, Haiti, and Bosnia, in response to questionable national security threats, ignores closer and more dangerous direct threats here in our own western hemisphere and more specifically along our southern borders," commented Congressman Robert K. Dornan, Chairman of the House National Security Subcommittee on Military Personnel, on announcing a congressional field hearing to be held in his home district of Santa Ana, California

"The response to these threats has been called a war. Indeed, measured in terms of the cost in lives destroyed by drugs and national resources spent to fight illegal immigration, it is a war. There are many who believe the Congress should consider proposals calling for the increased use of military forces in border security. This is not a reflection on the men and women in our Federal agencies engaged in border security. They are doing a tremendous job. Nevertheless, the question remains: What more can the U.S. military do to fight and win this war at the border?"

In order to better address this question, Congressman Dornan is holding a Military Personnel Subcommittee hearing in Santa Ana, California, at the City Council Chambers, on Friday, March 15, at **1:00 pm**. (Note: this hearing was previously scheduled to start at 10:00 am).

Witnesses scheduled to testify at the hearing include the following:

Panel One: Discuss the scope of the illegal immigration and drug smuggling problem, the current role of military personnel, and the impact on local law enforcement.

Sheriff Oren Fox, Imperial County, California

Mr. Robert Bender, Special Agent in Charge, Los Angeles Field Division, DEA

Mr. Johnny Williams, Chief Patrol Agent, San Diego Border Patrol Sector

Representative from the Joint Task Force 6, Department of Defense

Panel Two: Discuss the role of the National Guard in border security and other state perspectives on the impact of border security problems on health care, education, etc.

Major General Robert J. Brandt, Assistant Adjutant General, California National Guard and Commander, California Army National Guard

Representatives from the State of California

Panel Three: Discuss the Constitutional implications of using military personnel to enforce the laws of the United States and the perspective of Federal agencies engaged in border security and the need of increasing the role of military forces in border security.

Mr. Rudy Carnacho, Director U.S. Customs Management Center, San Diego

Mr. Gus de la Vina, Western Regional Director, INS

Representative of the Department of Defense

Brigadier General David M. Brahms, U.S. Marine Corps, Retired



IMPERIAL COUNTY SHERIFF - CORONER'S OFFICE

OREN R. FOX

SHERIFF - CORONER - MARSHAL



March 11, 1996

House of Representatives, Committee on National Security
 Congressman Robert Dornan, Chairman
 Subcommittee on Military Personnel
 Washington, DC 20500

RE: USE OF MILITARY TO INCREASE SECURITY OF U. S. BORDERS

Honorable Robert K. Dornan and Committee Members:

I am Sheriff Oren R. Fox of Imperial County. Our County is one of only two California Counties that share a common Border with the Republic of Mexico. Our Borders extend 80 miles from the Colorado River at Yuma, AZ, to the mountainous areas of eastern San Diego County, almost all is desert terrain, 4,650 square miles. During the thirty plus years that I have been a law enforcement officer in Imperial County, there has always been an illegal alien and drug smuggling problem in our County. Since we have a sufficient local worker pool available just across the International Border in Mexicali, Baja California, Mexico, illegal entrants do not stay in our County very long. They usually head for work areas to our North in Los Angeles and the Central Valleys's and beyond.

The United States Border Patrol has suffered significant cutbacks in our area as the number of illegal's have increased in the San Diego County area and other areas to our east in Arizona and Texas. Operation Hold-the-line and Operation Gatekeeper have taken more and more of the Border Patrol's assets to try to plug the gaps where thousands come across daily. As illegal immigration and narcotic smuggling has increased our problems have increased.

The six Southern California County Sheriff's of Los Angeles, San Bernardino, Riverside, Orange, San Diego and Imperial, met in 1988 to share concerns about illegal immigration, crime, and smuggling of narcotics, across our Southern Border. Together with the California National Guard counter-drug unit, the six (6) Sheriff's committed officers to attempt to stem the flow of illegal drugs into our State. That effort, known as Border Ranger I, ended shortly after it began in October of 1988, after 8 officers and guardsmen lost their lives in the mountainous area separating San Diego and Imperial Counties along the International Border in a helicopter crash while observing suspected illegal activities at night.

P.O. BOX 1040, EL CENTRO, CA 92241-1040 PHONE (619) 339-6311 FAX (619) 339-6348
 AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Honorable Robert K. Dornan
 March 11, 1996
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As law enforcement officials, each of the six Sheriff's remained committed to addressing the continual flow of illegal aliens and illegal narcotics into our State. We formed Border Ranger II. The Federal Government joined our effort with United States Border Patrol and United States Customs coming on board in our combined effort. Later, we were joined by D.E.A., California Bureau of Narcotics and others. The three week effort was supported by the El Paso, Texas, based Operation Alliance and was an unqualified success with numerous arrests for guns, drugs, and illegal aliens.

So committed were the six Sheriff's that a Regional Border Alliance Group was formed and all Federal, State, and local agencies with a drug interdiction and investigative nexus bonded together in a concerted effort to find ways to address the problems of illegal immigration and drug smuggling, which by now was largely intertwined with major drug smuggling organizations using illegal aliens to smuggle large quantities of marijuana and cocaine across our Borders and move them to L. A. for redistribution.

By 1992 Imperial County became known as the 'Cocaine Corridor' when thousands of pounds of Cocaine were being smuggled into our County each year at POE's and between the POE's, across the barren deserts to the L.A. Metro area. In 1993, with the assistance of the Office of National Drug Control Policy, the United States Attorney for the Southern District and Joint Task Force VI, the Army National Guard, and 17 different agencies of Federal, State and local law enforcement, we began to address the Cocaine problem. In the spring of 1994 we began to formulate a plan to deal with illegal immigration and illegal drug trafficking. It became known as the 'Imperial Valley Project' and on October 10, 1994, with help of the ONDCP, U.S. Attorney Alan Bersin, and Attorney General Janet Reno, we began the task of putting military OP's and LP's along the International Border in Imperial County and eastern San Diego County, beefed up overtime for an understaffed Border Patrol Sector and assigned additional Highway Patrolmen and Deputy Sheriff's on Highways, county roads, and desert areas. Through a coordinated, planned tactical operation supported by good intelligence and prosecution we have been successful in turning the tide of illegal drugs coming through Imperial County.

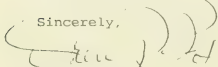
As Operation Gatekeeper in San Diego County drew tighter and tighter, and hundreds of Border Patrol Agents added to the area west of us, we began to experience a considerable increase in illegal aliens entering through our County area from Mexico. Many are from South America, Central America and from Mexico. The numbers continue to increase and many pay the smugglers back by carrying (backpacking) 20 to 40 lbs., of Cocaine or Marijuana across the Border and depositing the illegal narcotics at predesignated drop spots to be picked up by other members of the drug smuggling transportation organizations.

Honorable Robert Dornan
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Page three

This has become more prevalent in recent months along our Border. Illegal's and their smugglers/mules have damaged ground sensors, scrambled their signals, dug them up, created diversions to occupy the Border Patrol time to allow for smuggling operations to take place at another spot along the Border area. The Border Patrol with its' present staffing levels cannot do the job alone, they must rely upon the Army National Guard and forces from the Joint Task Force VI to be the eyes and ears to assist them.

Today, we continue the effort with the specialized enforcement operation, but in order to sustain the operation we must have assurances of a stable, reliable force to assist the U. S., Border Patrol. The National Guard Counter-drug and active duty military forces of Joint Task Force VI can best deliver that stability. I urge you to consider the military forces, Active and Reserve, to provide the additional manpower support to insure a safe secure Border for all our citizens. They possess the leadership, discipline and training to get the job done. Thank you for your consideration in this vital matter.

Sincerely,



OREN R. FOX
SHERIFF-CORONER
IMPERIAL COUNTY, CALIFORNIA

ORF:wr

FIRST ANNIVERSARY

OPERATION HARD LINE



Department of the Treasury
U.S. Customs Service
February 23, 1996



DEPARTMENT OF THE TREASURY
WASHINGTON, D. C.

SECRETARY OF THE TREASURY

Operation Hard Line

President Clinton, the United States Treasury Department, and the United States Customs Service are deeply committed to stopping the flow of illegal drugs through our borders, and the Administration has put into place an effective strategy with growing resources to get this job done. While more needs to be done, our efforts to date are showing real results.

Under Commissioner George Weise's leadership, the Customs Service designed and implemented a plan to counter the flow of drugs into our country. This report marks the first anniversary of the United States Customs Service's implementation of Operation Hard Line, a program to combat narcotics smuggling on the Southwest border.

Operation Hard Line represents the Administration's investment of more than \$55 million to date and has served to reinforce every port of entry along our Southwest border. With assistance from the Office of National Drug Control Policy, the Department of Justice, and the full support of Treasury's Appropriation Subcommittees of Congress -- especially Representatives Lightfoot and Hoyer and Senators Shelby and Kerrey -- this program has begun to show substantial results. During the past fiscal year, Customs reported double-digit increases in the volume of total drug seizures -- including increased seizures in virtually every major category of drug trafficking from cocaine to heroin.

To build on these efforts, the President's FY'97 budget will propose that an additional \$65 million and roughly 650 additional Customs officers be added to the border interdiction effort in the coming fiscal year. Together with the increased efforts by all federal, state, and local law enforcement agencies, we can continue to make progress.

We fully anticipate new and continued challenges on all fronts of the interdiction effort. Nevertheless, under the strong and capable leadership of Commissioner Weise, Customs will continue to maximize its efforts to repel drugs at the border.

Sincerely,

A handwritten signature in dark ink, reading "Robert E. Rubin".

Robert E. Rubin

**THE COMMISSIONER OF CUSTOMS****WASHINGTON, D.C.**

It is my pleasure to join Secretary Rubin in congratulating the men and women of the Customs Service for their success in implementing Operation Hard Line on the occasion of its first anniversary. This one year review of Operation Hard Line outlines the history of the operation, describes the drug trafficking problem on the Southwest border, summarizes our successes to date, describes our multifaceted approach for attacking the problem, and highlights our future plans for expanding Operation Hard Line.

Operation Hard Line, which the Department of the Treasury and Customs developed in close consultation with the Office of National Drug Control Policy, is an integral part of the President's National Drug Control Strategy. This strategy comprehensively addresses both the demand and supply sides of the drug problem and focuses on controlling the flow of illegal drugs both in the source countries and at our borders. No mission of the Customs Service is more important than effectively carrying out our drug interdiction responsibilities.

Operation Hard Line is the latest in a series of successful Customs initiatives against drug trafficking. Operation Hard Line builds upon our air and marine programs, anti-money laundering initiatives, carrier programs and intelligence systems. Operation Hard Line is also complementary of the many partnerships that Customs has developed with other agencies through Operation Alliance, the Organized Crime Drug Enforcement Task Force, and the High Intensity Drug Trafficking Areas. Operation Hard Line represents the long-term and continuing commitment of this agency to fight drug trafficking, drug crime, and drug abuse and our equal commitment to cooperate with other agencies in the fight against illegal narcotics.

I am very proud of the drug enforcement efforts and achievements of the Customs Service. No matter where you are in Customs or what you do in Customs, you contribute to the success of Customs enforcement efforts. So, as you read of our successes in Operation Hard Line and our future plans, don't just applaud, stand up and take a bow.

However, we can't and won't rest. Join me in committing that we will do even better in the future. We will not tolerate anything remotely suspicious to cross our border. The scourge of illegal drugs on our society is too profound a problem for any of us to do anything less than our absolute best to keep those drugs from entering this country.

Thank you all.

George J. Weise

In order to meet the challenge of policing the nation's borders against drugs, the United States Customs Service has had to work smarter by wedding new technologies with conventional investigative techniques and by prioritizing Customs functions. Customs has had to take this approach because its workload along the southwest border is staggering. For example, last year, 2.8 million trucks, 84 million cars, and 232 million people crossed our border. In contrast, Customs only has 1,800 inspectional personnel along the border.

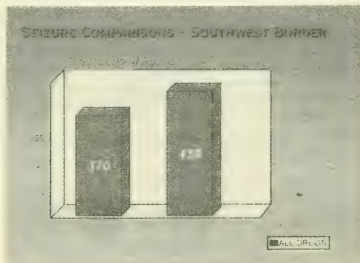
With this backdrop, Customs' first priority has been drug interdiction at the borders, especially the southwest border. This report is an analysis of Customs' implementation of Operation Hard Line, upon its one year anniversary. Operation Hard Line is an aggressive interdiction program designed to stem the flow of drugs across our southwestern border. Although much work remains to be done, this report shows solid progress after Operation Hard Line's first year. Customs will be constantly reevaluating Operation Hard Line to make it the best it can be.

MEET OPERATION HARD LINE

For the past year, the United States Customs Service has aggressively employed an anti-smuggling program which is designed to shrink the drug smuggler's options and lower the odds of successfully carrying illegal drugs across the border with Mexico.

The program is called Operation Hard Line. Measured by the statistics on border drug seizures last year (fiscal year 1995), Hard Line has proven its worth.*

- ☐ Total amount of drugs seized (pounds) on the southwest border is up 24 percent.
- ☐ The amount of cocaine seized is up 19 percent.
- ☐ The amount of heroin seized is up 108 percent.
- ☐ The amount of marijuana seized is up 25 percent.
- ☐ The number of overall drug seizures in commercial cargo is up by over 100 percent.
- ☐ A record number of cocaine seizures in commercial cargo was made.
- ☐ The amount of cocaine seized from smugglers circumventing legal points of entry was up 49 percent from the previous year, and the amount of marijuana seized was up 24 percent.

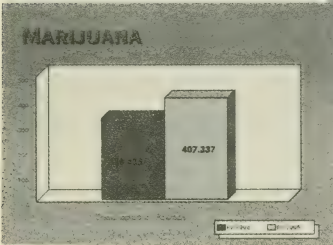
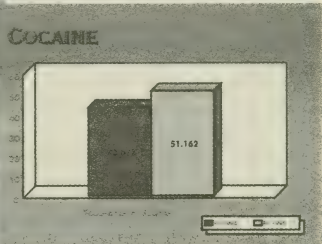
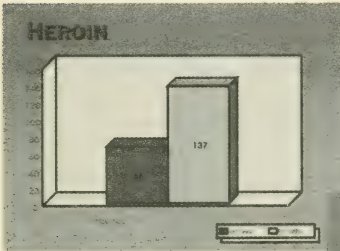


*All drug seizure data in this report are based on fiscal years. Drug seizure comparisons are between fiscal year 1994 and fiscal year 1995.

OPERATION HARD LINE

The United States Customs Service, an agency that annually seizes more drugs than all other Federal agencies combined, is now seizing more drugs along the border than ever, thanks in large part to Operation Hard Line.

But Operation Hard Line's first year of success is not the whole story. Customs officials are convinced that as Operation Hard Line continues to strengthen the southwest border, smugglers will turn to new avenues. For example, Customs' drug seizures in the Southeast last year and in the first quarter of this year have risen substantially. Because Customs must be prepared for all eventualities, Customs is preparing to extend Operation Hard Line to this part of the country, as well as to Puerto Rico and to the U.S. Virgin Islands. Customs expects to rapidly have a network of programs in place for the entire country that will lead to results similar to those that Operation Hard Line has produced in the Southwest this year.



THE SOUTHEAST: THE FIRST WAVE

Operation Hard Line is the offspring of success. In the early 1980's, the focal point of drug smuggling into the U.S. was the Southeast. In a drug invasion, smugglers bombarded the coast with aircraft and sea-going vessels, often carrying massive quantities of marijuana and cocaine. Planes routinely flew into remote southeastern sites, either dropping off large packages of drugs or actually landing in the dead of night, unloading their cargos and returning to their destinations, safe and undetected.

The response by Customs was swift, deliberate and smart, relying on an interlacing web of high-technology designed to **snare smugglers before they could come close to our shores**. To counter smuggling in planes, Customs created Command, Control, Communication and Intelligence Coordination Centers. These squads of Customs and other enforcement agency personnel developed a bank of knowledge and data that depended on radar balloons known as aerostats, ground-based radar systems, P-4 AEW aircraft specially outfitted with AWACS-like radar, interceptor and tracker aircraft, and helicopters.

As the air routes were shut down, smugglers turned their attention to the sea, transporting large shipments of cocaine to Caribbean locations, then breaking down these shipments, placing them on small, fast boats, and racing for the Florida coast. Customs reacted promptly, developing its own fleet of high-speed boats and working in close conjunction with other anti-smuggling agencies, such as state and local law enforcement organizations.

Once again, the smugglers were forced to change their mode of attack.

This time, they infiltrated commercial cargo, chiefly shipments from South America. Customs responded by developing and training a new force, Contraband Enforcement Teams, which rely heavily on collecting intelligence and pinpointing attacks on smugglers.

February 6, 1996

PERSEVERANCE D. PAYS

It was shortly after 2 p.m., the busiest time of the day for Customs inspection crews in Nogales, Arizona, when Inspector Clay Evans walked by a flatbed truck carrying a huge transformer. "I want to see the paperwork on this," Evans said as he noticed the newly painted equipment. Usually, transformers were sent to the U.S. for repair, but this one looked brand new. One red flag.

The truck's paperwork turned up a second red flag. The truck's entry listed one destination address, but the accompanying bond cited a different one, in a different city. Yet both documents listed the same street address.

A background check on the importers uncovered nothing, but using Customs' Automated Commercial System, Inspector Evans discovered that no such address existed in either city where the transformer might be destined. A third red flag.

Evans brought some of Customs' drug-sniffing canines on the scene, but the dogs gave no indication that they could smell drugs. Evans pressed forward, however, convinced that there was something to his initial hunch. He removed the top of the transformer and discovered some unusual construction. A fourth red flag. Other inspectors, Rick Davis, Victor Felix, and Carlos Fuentes joined Clay Evans and found that some of the welding on the transformer seemed new and slushed, confirming more unusual construction.

They drilled down into the transformer, and Evans found white powder -- cocaine -- on his drill. Pavement -- they had found a massive five-foot compartment stashed with 1,250 pounds of cocaine.

"You won't end your career for a load like that," said Evans. "Being an inspector can be real hard work, hard on the knees, hard on the lungs, but something like this makes it all worth it."

OPERATION HARD LINE

Customs also established a new, productive relationship with air and sea carriers called the Super Carrier Initiative. The underlying theme of this relationship is that carriers have the capacity and the responsibility to police their own businesses. Carriers that showed full cooperation were treated accordingly. Those less cooperative were subjected to Customs' penalty system, a simple but highly effective means of imposing burdens on carriers so that cooperation with Customs became a practical business necessity.

As Customs tightened its defense of the Southeast, the drug lords found a new approach into the United States - the 2,000 mile long border separating Mexico and the United States.

The southwest border is extremely busy. Last year, 2.8 million trucks, 8.1 million cars, and 232 million people crossed our border through the 38 ports of entry that stretch along the vast border line. The tremendous length of the border and the often hectic activity at the ports of entry proved to be an irresistible combination.



*Night time at San Ysidro, California
Port of Entry.*



Customs P-3 AEW tracking targets and providing coordinates to interceptor and tracker aircraft.

By the early 1990s, the drug activity in the Southeast had waned. Incidents of planes buzzing into farm fields, fast boats shooting into remote harbors, and loads of drugs washing up along the Southeast coast had declined. The drug lords adopted a new strategy – using Mexico as a transshipment point across the southwest border.

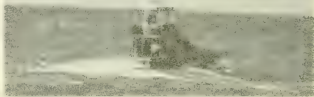
Surrender Without Blood

On December 20, 1995, a holiday present arrived in the Office of Special Agent in Charge, Bonnie Tschler, a tipster – information about a scheme to smuggle cocaine into Marathon, Fla. Florida.

Former Resident Agent in Charge in Key Largo, Steven Blomart, was asked to look out for Eduardo Sanchez and his 30-foot high-powered “go fast boat” that Agent Tschler had been told was scheduled to meet a mothership and race to shore laden with cocaine.

Two days before the New Year, a change observed five men on a white van hiding packages among the mangrove trees on the beach. Customs agents located the “go fast boat” as a Customs Blackhawk helicopter whirled overhead and armed agents in pursuing 58 bales of cocaine weighing in at 3,757 pounds. Customs closed in as local authorities were rounding up the suspect.

An “Oxy” scan device” determined that all five suspects had traces of cocaine on their bodies. Customs and State sovereignty enforcement are anticipating additional arrests as the investigation continues.



Customs Blackhawk helicopter conducting aerial surveillance

OPERATION HARD LINE

THE SOUTHWEST: THE EVOLUTION OF OPERATION HARD LINE

Customs' challenge along the southwest border was to devise an approach that addressed the ever-changing methods of smuggling used by the drug lords.

Complementing Customs' efforts were other agencies with programs of their own, such as the Border Patrol, Department of Defense, Department of Justice, National Guard, Immigration and Naturalization Service and state and local law enforcement agencies.

The combined anti-smuggling efforts forced sometimes desperate acts among smugglers. In 1990 for instance, in Douglas, Arizona, Customs agents discovered a 320-foot long tunnel, complete with electric lighting and concrete walls. The consensus among Customs smuggling experts was that the anti-smuggling strategy along the border must be working if smugglers were willing to invest the time and expense to dig tunnels, not to mention run the risk of quick detection, to get their drugs across the border.

Drug smugglers adopted an even more desperate approach to smuggling called port running – racing a drug-laden car or van through a Customs inspection point. This smuggling method, which sometimes featured gun battles and high-speed chases, not only brought tons of cocaine into the U.S., but also posed tremendous danger for people living in border towns, for bystanders, and for Customs and other law enforcement officials.



Drug smugglers have tried building tunnels, like this one in Douglas, Arizona, to avoid the law.

PORT RUNNING: LIVES AT RISK

Working the ports of entry on any day is difficult enough. Port runners upped the danger ante for the dedicated men and women along our border by stopping at nothing to ram, outrun, run over, and smash their way through the ports, endangering bystanders as well as Customs officials.

From 1993 through January 1995, El Paso, Texas was the scene of a tremendous increase in port running activity. From 78 such incidents in 1993, there was a threefold increase to 259 by the end of 1994. Drug organizations were hiding as much as 900 pounds in the trunks of vehicles. With such a large payload motivating them, drivers had little fear for their own personal safety, let alone anyone else's.

Two things combined to turn the tide on port runners in El Paso. One was the beginning of Operation Hard Line and the other was Special Agent in Charge, George McVenny. In conjunction with DEA, Agent McVenny initiated an investigation into the smuggling activities of Alonzo Espinoza and others. As a result, Espinoza and 35 members of his organization, including a few of his homicidal drivers, were apprehended. Six members of the organization are at-large and an additional 20 indictments are expected. During this investigation 7,394 pounds of cocaine and 3,670 pounds of marijuana were seized.

The best news of all, especially for the families of Customs employees along the border, is that the advent of Operation Hard Line, and the good work of Customs employees have caused southwest border port running incidents to decrease over 40 percent.

"Stopping port runners needs the involvement of the entire community because it is the community that is affected, especially the children," said McVenny. "Port running is a direct slap at community standards, and we are stopping it. That is my commitment."

Under the direction of Commissioner Weise, Customs' anti-smuggling strategists devised a promising solution, not only for port running but for other areas of Customs drug smuggling defenses. The need for a broad, long-term approach to counter the smugglers was underscored by many factors, including the reality of an increased workload for Customs in the field, and extremely tight federal budgets.

In February 1995, Commissioner Weise, along with the Director of the Office of National Drug Control Policy, Dr. Lee P. Brown and U.S. Attorney Alan Bersin, announced the start of Operation Hard Line. However, as Commissioner Weise toured the southwest border, the news was not always greeted with open arms.

Many community leaders worried that a hardened border defense against drug smuggling would slow down the flow of legitimate cross-border, commercial and passenger traffic on which the livelihood of their communities depended. They argued that the bulk of cross-border smuggling was taking place between the ports of entry. These points were expressed repeatedly to Commissioner Weise, but the Commissioner responded firmly that Customs' duty to the country to stop drug smuggling was by far the most important goal.



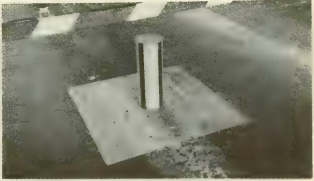
Customs Commissioner George J. Weise announces Operation Hard Line in February, 1995.

OPERATION HARD LINE

TIGHTENING THE VISE

By reallocating resources, Customs was able to begin implementing Operation Hard Line immediately. Subsequent Congressional appropriations of \$39 million enabled Customs to speed up the execution of the initiative.

Operation Hard Line proceeded along many fronts. Ports of entry were remodeled to include pneumatic and hydraulic bollards, stationary bollards, jersey barriers, and tire-deflating devices - in short, an array of anti-port running technology



A hydraulic bollard is designed to curtail port runners in the Southwest by creating an instantaneous barrier.

that would make it impossible for any smuggler intent on speeding through a port of entry to get very far.

Customs also began to shift existing manpower by transferring to the Southwest 117 Special Agents from other areas of the country.



Jersey barriers are designed to funnel traffic in a pattern to eliminate port runners.

Additionally, Customs officials at border points of entry picked up the pace of inspections by scouring the lines of trucks and cars waiting to cross with the full array of "pre-primary" inspection techniques.

These techniques included drug-sniffing canines moving with Customs canine officers throughout parked traffic, questioning drivers, and using devices known as "busters."

Busters are effective because they enable inspectors to measure structural anomalies in the construction of cars and trucks. Busters let an inspector know where there is an empty space inside a fender or a truck wall, or where a truck or van has a false floor, all without having to actually climb into, or dismantle, a vehicle.

Customs Inspector utilizes a "buster" to pinpoint false walls or dead spaces capable of secreting contraband.



Customs officials also stepped up a practice known as the "block blitz" in which inspectors randomly select whole lines of traffic, both trucks and cars, for complete inspection. In addition to catching smugglers by surprise, the block blitz -- the equivalent of a drug smuggling poll -- also provides valuable information about the incidence of smuggling in cars and trucks, as well as information about current methods of smuggling.

With the added benefit of a constructive dialogue with U.S. Senator Dianne Feinstein, and other Members of Congress, Commissioner Weise took another important step last October in toughening the border against smuggling by instituting a policy that affected importers using the Line Release Program.

Initiated on the southwest border in 1987, Line Release is a program in which commercial shipments are pre-screened for release but still subject to random full-scale inspection. Importers wishing to use Line Release must have a clean record and provide extensive information about themselves and the goods they are bringing across the border.

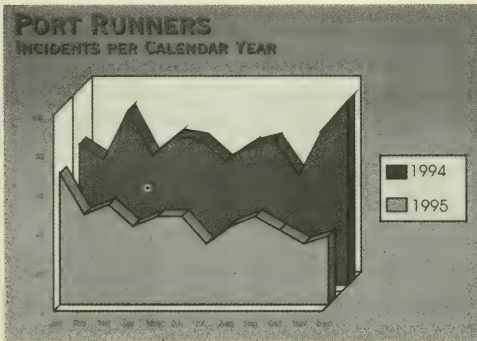
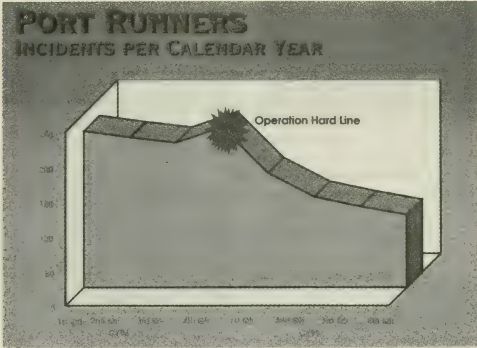


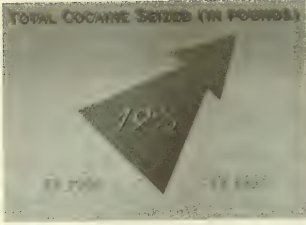
Commissioner Weise's new policy, the Land Border Carrier Initiative, strengthened the Line Release Program by requiring Line Release participants to provide information about the trucking companies and the drivers these companies used.

The Commissioner's plan imposed a moratorium on all new Line Release applications and required that by July 31, 1996, all Line Release participants would have to use Customs-approved trucking firms and drivers, if they wanted to remain on Line Release. The approval process essentially requires trucking firms to give background information on themselves and their employees, to create, under the guidance of Customs, anti-smuggling safeguards at their warehouses and lots, and to open these facilities to unannounced inspection by Customs officials.

OPERATION HARD LINE

One year after the introduction of Operation Hard Line, the program is already paying dividends on Customs' investment on the border. For example, incidents of port running have dropped by over 40 percent since January of last year, as several ports of entry have established the network of barriers which make port running an exercise in futility rather than a smuggling option.



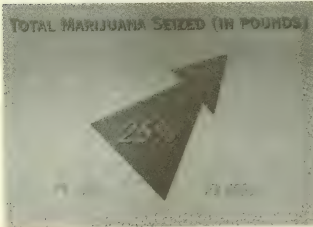
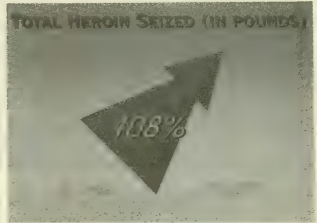


This year's seizure data reflect continued Operation Hard Line progress. In just the first three months of fiscal year 1996, Customs has already seized four cargo shipments filled with cocaine, ahead of last year's pace.

But Customs' seizure figures reveal only part of the story about Operation Hard Line. Operation Hard Line's impact should cause smugglers to look for other, more vulnerable border sites to cross illegally. And seizure statistics at these sites should reflect this new trend in smuggling.

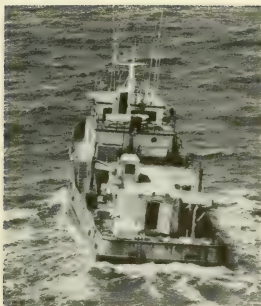
Customs' drug seizures along the border show a dramatic increase over the previous year. The number of seizures of cocaine, heroin, and marijuana jumped 22 percent, from 3,981 in FY 1994 to 4,849 in 1995. And the amount of drugs seized, in pounds, rose even more – by 24 percent. A record 51,162 pounds of cocaine was seized, a 19 percent increase over the year before; 137 pounds of heroin, a 108 percent increase; and 407,337 pounds of marijuana, a 25 percent rise.

The number of seizures being made in commercial cargo shipments is also on the rise: a total of 26 in 1995, far above the preceding year's total of 12. Seven of these seizures were cocaine seizures, a Customs record for the border.



In fact, this is the story told by the increase in the number of seizures made *between* the ports of entry in 1995. Cocaine seizures by the U.S. Border Patrol and Customs *between* the ports totaled 50,000 pounds and represented a huge 49 percent increase from the previous year. Marijuana seizures amounted to 607,000 pounds, a rise of 24 percent over the amount captured in 1994.

It has been an auspicious beginning for Operation Hard Line. But it is only the beginning. There is much more to be done and Customs is committed to getting it done.



Customs inspectors and agents joined with DEA and FBI officials to identify cocaine on the Nataly I.

For example, the Customs prototype truck x-ray at Otay Mesa, California will be joined in 1997 by other, similar but more advanced systems at El Paso and Calexico. X-ray technology is used to examine cars, pickup trucks, commercial carriers, trailers, and even boats. It has proved effective but, as with all new technology, will benefit from further refinement. Since August 1994, the date when a Customs inspector first used this technology, the cargo x-ray has produced 75 drug seizures. Customs expects to have at least nine cargo x-rays operating across the border.



Cooperation between the DEA, FBI, Coast Guard, and Customs enabled the government to seize over 24,000 pounds of cocaine hidden aboard the Nataly I.

12

OPERATION HARD LINE

OPERATION HARD LINE: THE FUTURE

The philosophy underlying Operation Hard Line is that good law enforcement should be based on intelligence, not luck; it should use all of its resources in combination, not individually; it should require the trade community to play a critical part both in catching smugglers and in deterring them; and it should recognize that smuggling is an organized, international enterprise.

Operation Hard Line takes the best from Customs' traditional enforcement – the investigative skills of the agent, the trained eye of the inspector, the keen senses of Customs' canine units – and adds to this mix new technologies and new techniques.

FRAMEWORK: INTERAGENCY COOPERATION

The deadly game of cat and mouse between Customs and the drug cartels often calls for extraordinary cooperation among different federal agencies.

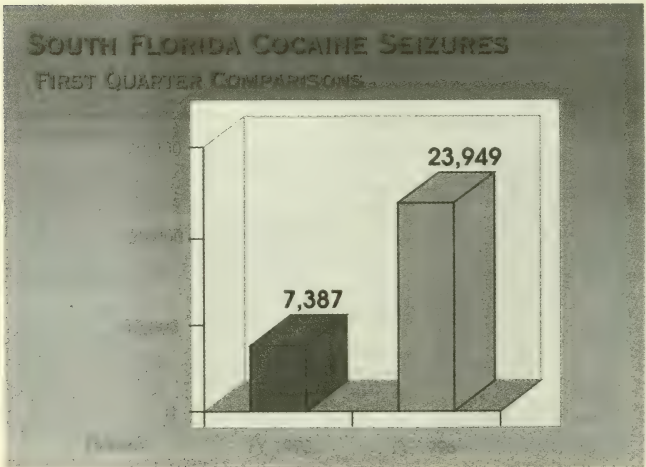
Susan Aarons, a Customs Special Agent in San Diego, developed information that the notorious Cali Cartel was using a large vessel, the NATALY I, to smuggle cocaine into the United States. She worked with the FBI and DEA who supplied information confirming the original data.

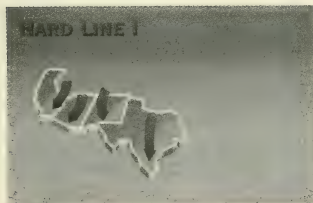
Using the information supplied by Customs, DEA, and the FBI, Agent Aarons led the investigation to the point where the Coast Guard boarded the vessel and hit pay dirt. Under Agent Aarons' full search direction, 24,325 pounds of cocaine were uncovered. Aspects of this investigation continue with the full cooperation of the four federal agencies that worked together to deal a major blow to an international narcotics cartel.

Operation Hard Line will also create new interdisciplinary squads of inspectors, agents, trade analysts, and intelligence specialists whose chief purpose will be to identify and monitor the actions of drug smuggling organizations. Customs strategists believe that by understanding these organizations, better assessments of smuggling activity will follow, as will nuts-and-bolts information such as which truck is carrying what drug headed for which port of entry. The result: Customs will more precisely target resources and will better provide timely information to inspectors on the line.

Finally, Customs will continue to significantly increase its staffing along the border in the near future. By the end of the year, a total of 160 agents and intelligence experts will have been relocated to the border. President Clinton's proposed fiscal year 1997 budget includes upwards of \$65 million and 657 new Customs positions, the majority of which are inspectors, agents, and intelligence analysts. These positions would be filled over the next two years across the entire southern border.

The focus on the entire southern border is worth elaborating upon. Customs officials believe that drug smugglers will expand their search for new smuggling opportunities. Customs anti-smuggling strategists suspect that smugglers may be looking at other points on the southern border, as well as Puerto Rico and the U.S. Virgin Islands. For example, during the first quarter of this fiscal year, Customs drug seizures in Florida have tripled. In fact, there is some evidence that smugglers may be returning to their methods of the 1980s – speed boats and airdrops.





Initial structure

This year, Customs is also preparing to extend Operation Hard Line to Puerto Rico, which is seeing an increase in smuggling and money laundering. This special program, which will be unveiled in early March, will, like Operation Hard Line, concentrate on increasing and improving traditional Customs anti-smuggling work, but will also create an intelligence and investigative arm designed to cripple the drug smuggling rings doing business in the Caribbean.

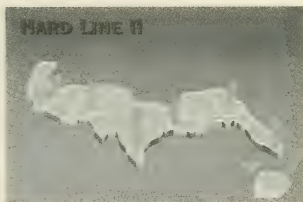
Operation Hard Line has been successful and promises to be even more so in the future. It is a textbook example of counter-smuggling strategy and tactics that work. It is also a textbook example of how law enforcement agencies, working in concert, can meet the challenges posed by drug lords and smugglers.



Permanent structure

Consequently, Customs is moving quickly. Customs will detail about 200 inspectors and 100 agents, pilots, and intelligence personnel to the Southeast. New vessels, aircraft, and other anti-smuggling technology will be acquired and put to immediate use.

Customs is planning to dramatically enlarge its marine enforcement program, adding new agents and other marine enforcement specialists, as well as adding new anti-smuggling vessels to the current fleet.



Intermediate structure

Since Operation Hard Line's inception, Customs has benefitted tremendously from the cooperative and combined efforts of the United States Border Patrol, the Department of Defense, the Department of Justice, the National Guard, the Immigration and Naturalization Service, and state and local law enforcement agencies throughout the southwestern United States.

Customs' ultimate objective is to develop an interlocking system of measures that permanently and comprehensively harden our ports of entry across the entire southern U.S. This means a regular review of Operation Hard Line's methods and results. Drug smugglers have a tremendous capacity for change and innovation, and Customs must be prepared to counter their moves quickly.

The underlying philosophy of Operation Hard Line means smart enforcement, not lucky enforcement. We plan to make it a way of life.

COCAINE SEIZURES

(Pounds)

Year	NATIONAL			SOUTHWEST BORDER			SWB CARGO		
	No.	Pounds	Change (Pounds)	No.	Pounds	Change (Pounds)	No.	Pounds	Change (Pounds)
1995	2,226	158,314	-23%	402	51,162	+19%	7	3,189	-81%
1994	2,392	204,514	-17%	488	43,077	-4%	4	1,765	-77%
1993	2,182	175,318	-17%	430	44,840	-4%	4	7,708	+3,194%
1992	2,149	211,064	+5%	421	43,141	+16%	1	234	-98%
1991	2,184	201,887	-23%	255	37,069	+67%	2	10,609	+940%
1990	2,169	164,727	+29%	270	22,236	+23%	1	1,020	N/A

HEROIN SEIZURES

(Pounds)

Year	NATIONAL			SOUTHWEST BORDER			SWB CARGO		
	No.	Pounds	Change (Pounds)	No.	Pounds	Change (Pounds)	No.	Pounds	Change (Pounds)
1995	923	2,235	-12%	111	137	+108%	There have not been any seizures of heroin in southwest border cargo		
1994	987	2,530	-14%	86	66	-36%			
1993	1,010	2,955	+33%	85	103	+27%			
1992	940	2,226	-25%	87	81	+25%			
1991	754	2,960	+97%	64	65	+183%			
1990	569	1,505	+43%	56	23	-67%			

APPENDIX

MARIJUANA SEIZURES

(Pounds)

Year	NATIONAL			SOUTHWEST BORDER			SWB CARGO		
	No.	Pounds	Change (Pounds)	No.	Pounds	Change (Pounds)	No.	Pounds	Change (Pounds)
1995	10,214	642,013	+15%	4,489	407,337	+25%	19	12,475	+32%
1994	9,632	559,584	+10%	3,981	326,485	+14%	8	9,459	-47%
1993	10,961	507,249	+10%	3,654	287,317	+13%	10	17,736	+81%
1992	12,081	462,329	+61%	3,608	254,591	+51%	11	9,790	-25%
1991	8,688	287,519	+29%	2,376	168,415	+14%	7	13,097	+185%
1990	7,522	222,314	+65%	2,013	148,336	-39%	5	4,601	+168%





Welcome to the *National Interagency Counterdrug Institute*. The Institute promotes cooperation between local, state, federal, and military agencies to counter illegal drug production, trafficking, and distribution; and between civilian agencies and military leaders to jointly respond to natural and man-made disasters. The forum style and non-attribution policy of the Institute strongly encourages the free and meaningful exchange of ideas and information. Briefings promote open dialog between students and presenters to find creative solutions to complex problems. Networking is a principal goal of the Institute. To that end each student is provided a class roster and class photo to encourage future professional relationships. The collaboration between students extends beyond the limits of the classroom. The knowledge taken back to each agency will create partnerships in support of the National Drug Control Strategy and the Federal Response Plan.

Being located in San Luis Obispo affords the Institute a rich diversity of social and cultural opportunities. The Institute extends an invitation to you to attend any of the courses in San Luis Obispo or any of our export locations. Our Protocol staff is available to you at all times to support the requirements of your visit. Along with my staff, I am available to answer your questions at any time. Enclosed is a list of phone numbers for the NICI staff.

Enjoy your stay in San Luis Obispo. Thank you for your interest in the National Interagency Counterdrug Institute and with your help I am sure we will continue to make meaningful strides in promoting interagency cooperation.

Louis J. Antonetti
Colonel, California Army National Guard
Director

EXECUTIVE SUMMARY**The National Interagency Counterdrug Institute**

The National Interagency Counterdrug Institute (NICI) provides highest quality interagency training to upper- and middle-managers from law enforcement, civilian agencies, communities, and the military

- While the Institute's headquarters and permanent classroom facilities are located at Camp San Luis Obispo, California, its training program is truly national in scope. It is a federally-funded activity of the National Guard Bureau. NICI students have come from all levels of government and from every state. To provide wider access to NICI's programs, especially by state and local agencies that typically have limited training and travel budgets, NICI conducts several regional "export" course each year at sites across the nation. Previous courses have been conducted in Colorado, Florida, Georgia, Hawaii, Iowa, Kansas, Kentucky, Maine, Maryland, Mississippi, Missouri, New Hampshire, New Mexico, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, and Washington.
- Since conducting its first course, NICI has trained more than 5,000 students. The Institute currently offers three courses, each lasting five days.
 - Through the **Counterdrug Managers' Course**, NICI provides a significant contribution to the National Drug Control Strategy by training leaders from federal, state, and local law enforcement and the active and reserve component military in the processes involved in conducting joint counterdrug operations.
 - The **Drug Prevention and Demand Reduction Course** further supports the national drug control strategy by training military personnel, law enforcement officers, educators, community leaders, and other members of the drug prevention and demand reduction field in building successful coalitions and integrating resources, especially the National Guard, into drug prevention and demand reduction efforts.
 - The **Military Support to Civil Authorities Course** supports the Federal Response Plan by training federal, state, and local civilian officials and active and reserve component military leaders in planning for interagency disaster response and integrating all available resources, especially those provided by the National Guard. An international version of this course has also been conducted for senior representatives from former Soviet and East-Bloc nations, with simultaneous translation in Russian, to support the Partnership for Peace program.
- Research, analysis, and clearing house functions performed by NICI provide valuable service to the counterdrug and drug prevention and demand reduction communities and to agencies involved with military support to civil authorities. Publications such as National Guard

NICI-RA

Subject: Executive Summary--The National Interagency Counterdrug Institute

Counterdrug Lessons, The NICI Bulletin, and The Informant have received national recognition for helping units, agencies, and organizations learn which techniques have proven successful and how to avoid the mistakes made by others in the field.

- The need for the types of training and services performed by NICI has been clearly validated by each edition of The National Drug Control Strategy, various GAO reports, the Joint Chiefs of Staff counterdrug support publication Joint Pub 3-07.4, and the "US Army Counterdrug Support Front End Analysis." By providing training, information sharing, and analysis, the Institute's functions help to make counterdrug and drug prevention and demand reduction efforts more efficient and effective. No other federal activity provides joint counterdrug training for military and law enforcement leaders and related information sharing and analytical services.
- The Institute has been widely recognized for excellence in performing its mission. Alumni include numerous police chiefs, sheriffs, and general officers. The Institute obtains constant feedback to ensure that the training remains current, professional, and the highest quality.
 - A rigorous evaluation regime--designed with the assistance of the U.S. Army War College--is used to assess each instructor and block of instruction as well as the practical exercise that concludes each course. Over 97 percent of the Institute's students have rated NICI courses from "Good" to "Excellent."
 - The Counterdrug Managers' and the Drug Prevention and Demand Reduction Courses have been certified for law enforcement training credit in more than 35 states. (Several states do not have certification programs.) These courses are also eligible for upper-division credit at Louisiana State University, San Jose State University, or Weber State University.
- While the Institute's operating budget is provided through the Department of Defense, it is a truly multi-agency collaborative effort.
 - For the counterdrug programs, the key federal drug law enforcement agencies and representative state and local agencies provide instructors and assist in curriculum development. Instructors are also provided by federal, state, and local agencies and coalitions with drug prevention and demand reduction roles, such as the Center for Substance Abuse Prevention and Community Anti-Drug Coalitions of America.
 - The Federal Emergency Management Agency, the office of emergency services from several states, and local offices of emergency services helped to design and currently provide instructors for the Military Support to Civil Authorities Course.
- Each course is reviewed by an advisory board that meets annually to ensure the curricula are relevant and up-to-date.
 - The Counterdrug Managers' Course and Drug Prevention Demand Reduction Course advisory boards include representatives from the Drug Enforcement Administration, the

NICI-RA

Subject Executive Summary--The National Interagency Counterdrug Institute

U.S. Customs Service, the Bureau of Land Management, the U.S. Marshal's Service, the U.S. Department of Health and Human Services, the Center for Substance Abuse Prevention, Community Anti-Drug Coalitions of America, the Federal Law Enforcement Training Center, U.S. Forces Command, U.S. Marine Corps Reserve Forces, and Joint Task Force Six.

- Advisory board members for the Military Support to Authorities Course include representatives from the Federal Emergency Management Agency, the Army Corps of Engineers, directors of state offices of emergency services, adjutants general, the Interagency Fire Center, the Office of the Under Secretary of Defense (Policy) for Policy Support, the Office of the Assistant Secretary of Defense (Reserve Affairs), and the Department of the Army Director of Military Support.
- NICI is one of three counterdrug training schools operated by the National Guard. The National Guard's two regional schools (the Regional Counterdrug Training Academy in Meridian, Mississippi and Multijurisdiction Counterdrug Task Force Training in St. Petersburg, Florida) are funded under their own project codes in the annual National Security Appropriations. Since fiscal year 1994, NICI has been funded through the discretion of the National Guard Bureau.
- The National Guard Counterdrug activities take place in every state and virtually every community of the United States. So that this successful activity can continue, a line item funding by Congress of \$180 million needs to be provided to support National Guard Counterdrug State Plans (7403A) and Demand Reduction (7408B) Program.

COL Louis J. Antonetti/Director/(805) 782-6700

COURSE OFFERINGS AND OBJECTIVES

COUNTERDRUG MANAGERS' COURSE

The *Counterdrug Managers' Course (CMC)* is a 45-academic-hour program designed to train law enforcement and military upper and mid-level managers, planners, and supervisors (and those earmarked by their organizations for future leadership roles) on the process involved in planning and conducting effective joint counterdrug operations. The curriculum exposes the student to military organizations, and federal, state, and local law enforcement agencies that are involved in countering illegal drug production, trafficking, and distribution. Each represented agency delineates its statutory and perceived responsibilities, as well as its real-world strengths and weaknesses.

The culmination of the course is the 1-1/2 day interactive simulation exercise in which the class is divided into eradication and interdiction task forces. Participation in this exercise develops the student's ability to plan and conduct effective multi-jurisdictional and interagency operations. The main objective is to enhance effective interoperability of National Guard, active component and reserve military with federal, state, and local law enforcement agencies in such operations.

DRUG PREVENTION AND DEMAND REDUCTION COURSE

The *Drug Prevention and Demand Reduction Course (DPDRC)* is a 45-academic-hour program designed to train students to develop and sustain a community anti-drug coalition; mobilize the community members; identify resources available at the federal, state and local levels; and build and implement an effective community drug prevention action plan to reduce and prevent the use of illegal drugs. Students learn of drug prevention and demand reduction programs already working in various communities. Emphasis is placed on the successful integration of all resources, especially of the National Guard, with those available from other military sources and civilian government agencies, as well as those found within communities. Successful case studies are presented and attendees participate in a 1-1/2 day exercise which leads to the development of a community action plan.

In many communities, schools are the only active participant in drug prevention and education activities. The premise for the Drug Prevention and Demand Reduction Course is that if communities want to create a drug-free environment and offer help to young people and their families, all parts of the community - education, business, law enforcement, government and civic leaders, military, human services and others - must be involved.

MILITARY SUPPORT TO CIVIL AUTHORITIES COURSE

The *Military Support to Civil Authorities Course (MSCAC)* is a 45-academic-hour program designed to train military and civilian leaders in the principles of military support to civil authorities in disaster response and other civilian needs. The curriculum focuses on the planning processes necessary to create an effective interagency response for natural and man-made disaster situations. The process for the successful integration of all resources, especially those of the National Guard, with other military and civilian government agencies is examined. Case studies are presented that portray the strengths and weaknesses of past interagency responses. The course culminates with a 1-1/2 day exercise which will develop the student's ability to plan and conduct an effective interagency disaster relief operation.

TRAINING YEAR 1996 COURSE SCHEDULE

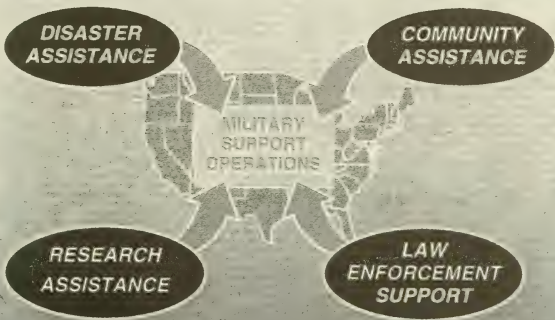
DATE	LOCATION	ENROLLMENT
Counterdrug Managers' Course		
November 12 - 17, 1995	San Luis Obispo, CA	Conducted
January 7 - 12, 1996	San Luis Obispo, CA	Open
March 3 - 8, 1996	San Luis Obispo, CA	Open
May 19 - 24, 1996	San Luis Obispo, CA	Open
June 23 - 28, 1996	Southeast Region (Delaware)	Open
July 7 - 12, 1996	San Luis Obispo, CA	Open
September 8 - 13, 1996	San Luis Obispo, CA	Open
Drug Prevention Demand Reduction Course		
October 15 - 20, 1995	San Luis Obispo, CA	Conducted
February 11 - 16, 1996	Northwest Region (Washington)	Open
February 25 - March 1, 1996	San Luis Obispo, CA	Open
April 14 - 19, 1996	Northeast Region (Pennsylvania)	Open
June 16 - 21, 1996	Southeast Region (Florida)	Open
July 21 - 26, 1996	San Luis Obispo, CA	Open
August 11 - 16, 1996	San Luis Obispo, CA	Open
September 15 - 20, 1996	San Luis Obispo, CA	Open
Military Support to Civil Authorities Course		
October 29 - November 3, 1995	Midwest Region (Iowa)	Conducted
February 4 - 9, 1996	San Luis Obispo, CA	Open
April 21 - 26, 1996	Northeast Region (Pennsylvania)	Open
August 18 - 23, 1996	San Luis Obispo, CA	Open
Military Support to Civil Authorities POMSO/ESSO Course		
May 5 - 10, 1996	San Luis Obispo, CA	By Invitation Only
August 4 - 9, 1996	San Luis Obispo, CA	By Invitation Only
Military Support to Civil Authorities Executive Course		
November 28 - December 1, 1995	Northwest Region (Oregon)	Conducted
Military Support to Civil Authorities International Course*		
September 22 - 26, 1996	To Be Determined	International Personnel Only
Counterdrug Program Manager's Course		
January 21 - 26, 1996	San Luis Obispo, CA	By Invitation Only
March 31 - April 5, 1996	Andrews AFB, Maryland	By Invitation Only
Staff Judge Advocate Counterdrug Course*		
March 1 - 3, 1996	San Luis Obispo, CA	Open
Youth Challenge Course*		
April 21 - 26, 1996	To Be Determined	By Invitation Only
July 14 - 19, 1996	To Be Determined	By Invitation Only
Counterdrug Managers' and Drug Prevention Demand Reduction Advisory Board		
June 3 - 5, 1996	San Luis Obispo, CA	By Invitation Only
Military Support to Civil Authorities Advisory Board		
June 17 - 19, 1996	San Luis Obispo, CA	By Invitation Only
Thermal Imaging Systems Course		
March 3 - 8, 1996	San Luis Obispo, CA	By Invitation Only

*Pending FY 96 Funding

(Updated 31 Jan 96)
Change 5

~~NICI~~ ~~TRAINING~~

INTERAGENCY ENVIRONMENT





WHAT MAKES NICI UNIQUE ?

- ✱ **INTERAGENCY TRAINING ON
MILITARY SUPPORTED
OPERATIONS**
- ✱ **LESSONS LEARNED PAMPHLETS**
- ✱ **INTERAGENCY COURSE
DEVELOPMENT TEAMS**
- ✱ **INTERAGENCY ADVISORY
BOARDS**
- ✱ **FACILITATES INTERAGENCY
CONFERENCES / SEMINARS**



WHAT MAKES NICI UNIQUE ?

*** RESEARCH AND ANALYSIS**

THE INSTITUTE'S
"CORPORATE BODY OF
KNOWLEDGE"

**COMPILES INFORMATION ON THE USE
OF THE MILITARY IN JOINT
COUNTERDRUG AND DISASTER
RESPONSE OPERATIONS**

**EVALUATES TACTICS, PROCEDURES,
AND TECHNOLOGIES**

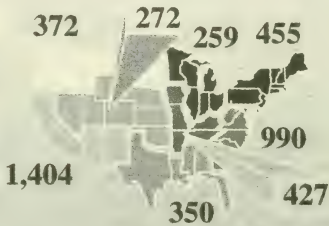
**OPERATES CLEARINGHOUSE FOR
INFORMATION**

**OPERATES REQUEST FOR
INFORMATION SERVICE**



NICI STUDENT DISTRIBUTION

TOTAL STUDENTS : 4 833



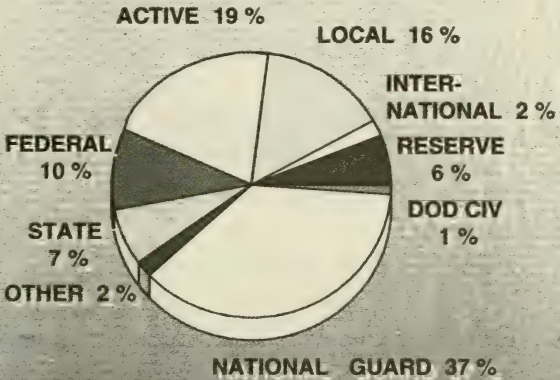
OCONUS 304





NICI STUDENT DISTRIBUTION

AS OF 30 SEPTEMBER 1995



TOTAL OF 4,833 STUDENTS



INSTRUCTORS

**FROM FEDERAL, STATE, AND
LOCAL LAW ENFORCEMENT
AGENCIES**

**FROM ACTIVE DUTY, NATIONAL
GUARD AND RESERVE MILITARY
ORGANIZATIONS**

**TEACH RESPECTIVE AGENCY
TOPICS**

**ACT AS LIAISON TO PARENT
AGENCY**



PAST GUEST LECTURERS

▲ **EDWIN MEESE - FORMER ATTORNEY
GENERAL OF THE UNITED STATES**

▲ **DERORAH ROCHE LEE - ASSISTANT
SECRETARY OF DEFENSE FOR
RESERVE AFFAIRS**

▲ **STEVEN DUNCAN - FORMER DOD
COORDINATOR FOR DRUG
ENFORCEMENT AND POLICY**

▲ **MICHAEL WERMUTH - FORMER
DEPUTY ASSISTANT SECRETARY OF
DEFENSE FOR DRUG ENFORCEMENT
POLICY**

▲ **CAROL HALDETT - FORMER
COMMISSIONER, UNITED STATES
CUSTOMS SERVICE**

▲ **MICHAEL BOWEN - ATTORNEY
GENERAL, STATE OF GEORGIA**



LEA ACCREDITED

AS OF: OCTOBER 95



- ☒ CERTIFIED OR APPROVED FOR TRAINING CREDIT
- ☒ APPLICATION PENDING
- ☐ NO CERTIFICATION OR IN-SERVICE TRAINING PROGRAM



MINISTRY OF EDUCATION
SCIENCE AND TECHNOLOGY

CMC / DPDRC / MSCA COLLEGE CREDIT

SAN JOSE STATE UNIVERSITY

3 SEMESTER HOURS

UPPER DIVISION / SOCIAL SCIENCE

WEBER STATE UNIVERSITY

3 QUARTER HOURS

UPPER DIVISION / CRIMINAL JUSTICE

LOUISIANA STATE UNIVERSITY

3 SEMESTER HOURS

UPPER DIVISION / POLITICAL SCIENCE



*CMC - DPDRC - MSCAC
INTERAGENCY
ADVISORY BOARDS*

▲ Reviews

- NICI Approach
- Curriculum

▲ Recommendations

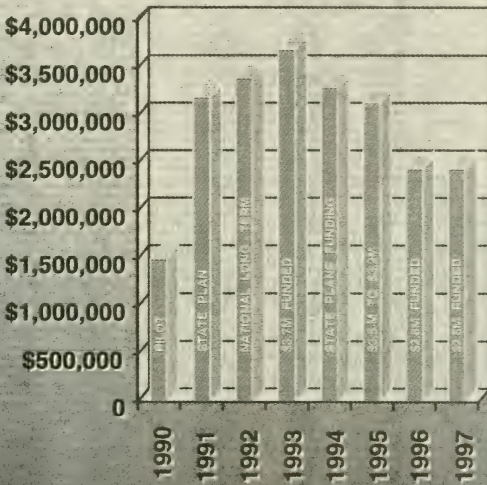
- Adjustments
- Other Activities /
Community Needs

▲ Monitoring

- Progress



NICI'S COUNTERDRUG BUDGET HISTORY





SUMMARY

**NICI FILLS AN IMPORTANT NEED, AND
DIRECTLY SUPPORTS THE NATIONAL
DRUG CONTROL STRATEGY BY
PROVIDING INTERAGENCY TRAINING TO
MILITARY PERSONNEL, LAW
ENFORCEMENT AGENTS AND
COMMUNITY LEADERS**

**"... NATIONAL GUARD COUNTERDRUG
ACTIVITIES TAKE PLACE IN EVERY STATE
AND VIRTUALLY EVERY COMMUNITY OF
THE UNITED STATES. SO THAT THIS
SUCCESSFUL ACTIVITY CAN CONTINUE, THE
COMMITTEE DIRECTS THAT NOT LESS
THAN \$180 MILLION BE PROVIDED TO
SUPPORT NATIONAL GUARD COUNTERDRUG
STATE PLANS (7403A) AND DEMAND
REDUCTION (7403B) PROGRAMS."**

RECOMMENDED FY97 DEFENSE APPROPRIATION



National Interagency Counterdrug Institute

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The National Interagency Counterdrug Institute's emblem is a graphic representation of the concept of multi-agency cooperation. It is comprised of four interlocking spearheads joining together to form a single, large spearhead oriented upward. Each of the smaller spearheads is representative of participating organizations :

- Blue : Local community organizations :
Police departments, schools, city government,
businesses, local task forces, etc.
- Green : County and state organizations :
County sheriffs and state police, public health agencies,
school boards, county and state governments, etc.
- White : Federal :
All of the various federal agencies.
- Red : Military support :
All branches of the armed services, active,
reserve and National Guard

The black arrows emanating from the center of the red spearhead toward the other spearheads depict the use of the military in a supporting role. Each component is outlined in gold to demonstrate its intrinsic and equal value to the effort as a whole.

104TH CONGRESS
1ST SESSION

H. R. 1646

To revise and reform the statutes governing the organization and management of the reserve components of the Armed Forces.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 1995

MR. LAUGHLIN (for himself, Mr. JEFFERSON, Mr. COLEMAN, Mr. FIELDS of Texas, Mr. HALL of Texas, Mr. PARKER, Mr. BREWSTER, Mr. HOBSON, Mr. HASTERT, Mr. DREIER, Mr. HAYES, Mr. DELAY, Mr. CONDIT, Mr. TALENT, Mr. KASICH, Mr. CRAMER, Mr. TANNER, Mr. PETERSON of Minnesota, Mr. TAYLOR of Mississippi, Mr. TAUZIN, Mrs. THURMAN, Mr. GEREN of Texas, Mr. CAMP, and Mr. GILLMOR) introduced the following bill; which was referred to the Committee on National Security

A BILL

To revise and reform the statutes governing the organization and management of the reserve components of the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Reserve Forces Revitalization Act of 1995”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—FINDINGS AND PURPOSES

Sec. 101. Findings.

Sec. 102. Purposes.

TITLE II—RESERVE COMPONENT STRUCTURE

Sec. 201. Reserve component commands.

Sec. 202. Reserve component chiefs.

Sec. 203. Grade of Vice Chief of the National Guard Bureau.

Sec. 204. Grade for reserve personnel center commanders.

Sec. 205. Exemption from active duty general and flag officer grade ceilings.

Sec. 206. Guard and reserve technicians.

Sec. 207. Conforming amendment.

TITLE III—RESERVE COMPONENT ACCESSIBILITY

Sec. 301. Authority to activate Ready Reserve into active service.

Sec. 302. Report to Congress concerning tax incentives for employers of members of reserve components.

Sec. 303. Report to Congress concerning income insurance program for activated reservists.

(I)

II

TITLE IV—RESERVE COMPONENT RESOURCES

- Sec. 401. Reports to Congress concerning shortfalls in reserve component resources.
 Sec. 402. Allocation of funds appropriated for reserve components.

TITLE V—RESERVE FORCES SUSTAINMENT

- Sec. 501. Report concerning tax deductibility of nonreimbursable expenses.
 Sec. 502. Authority to pay transient housing charges for members performing active duty for training at locations over 50 miles from residence.
 Sec. 503. Sense of Congress concerning quarters allowance during service on active duty for training.
 Sec. 504. Sense of Congress concerning military leave policy.
 Sec. 505. Group dental insurance plan for members of Selected Reserve.
 Sec. 506. Local community and military personnel mutual benefits program.
 Sec. 507. Commendation of Reserve Forces Policy Board.

TITLE I—FINDINGS AND PURPOSES

SEC. 101. FINDINGS.

Congress finds the following:

(1) The end of the Cold War and the ensuing period of worldwide readjustment and reassessment has brought with it a host of new military challenges and opportunities.

(2) Never before in time of peace have the Armed Forces been engaged in tasks in so many parts of the world.

(3) The Persian Gulf War demonstrated the validity of the Total Force Policy, which places heavy reliance upon the reserve components for the execution of military missions.

(4) The basic laws governing the organization and administration of the reserve components have not been comprehensively reexamined since the enactment in 1967 of the Reserve Forces Bill of Rights and Vitalization Act (Public Law 90-168).

(5) A number of systemic problems have arisen under the existing reserve component statutory scheme which was designed in light of the perceived threats and challenges of the Cold War era.

SEC. 102. PURPOSES.

The purpose of this Act is to revise the basic statutory authorities governing the organization and administration of the reserve components of the Armed Forces in order to recognize the realities of reserve component partnership in the Total Force and to better prepare the American citizen-soldier, sailor, airman, and Marine in time of peace for duties in war.

TITLE II—RESERVE COMPONENT STRUCTURE

SEC. 201. RESERVE COMPONENT COMMANDS.

(a) ESTABLISHMENT.—(1) Part I of subtitle E of title 10, United States Code, is amended by inserting after chapter 1005 the following new chapter:

“CHAPTER 1006—RESERVE COMPONENT COMMANDS

“Sec.

“10171. Army Reserve Command.

“10172. Naval Reserve Command.

“10173. Marine Forces Reserve.

“10174. Air Force Reserve Command.

“§ 10171. Army Reserve Command

“(a) ESTABLISHMENT OF COMMAND.—There is in the Army an Army Reserve Command, which shall be operated as a separate command of the Army. The Secretary of the Army shall maintain that command with the advice and assistance of the Chief of Staff of the Army.

“(b) COMMANDER.—The Chief of Army Reserve is the commander of the Army Reserve Command. The commander of the Army Reserve Command reports directly to the Chief of Staff of the Army.

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"(c) DEPUTY COMMANDER; CHIEF OF STAFF.—(1) There is a deputy commander of the Army Reserve Command. The deputy commander holds the grade of major general shall and be appointed from members of the Army Reserve in general officer grades.

"(2) There is a chief of staff of the Army Reserve Command. The chief of staff holds the grade of brigadier general and shall be appointed from members of the Army Reserve in the grade of colonel or above.

"(d) ASSIGNMENT OF FORCES.—The Secretary of the Army shall assign to the Army Reserve Command all forces of the Army Reserve.

"§ 10172. Naval Reserve Command

"(a) ESTABLISHMENT OF COMMAND.—There is in the Navy a Naval Reserve Command, which shall be operated as a separate command of the Navy. The Secretary of the Navy shall maintain that command with the advice and assistance of the Chief of Naval Operations.

"(b) COMMANDER.—The Chief of Naval Reserve is the commander of the Naval Reserve Command. The commander of the Naval Reserve Command reports directly to the Chief of Naval Operations.

"(c) DEPUTY COMMANDER; CHIEF OF STAFF.—(1) There is a deputy commander of the Naval Reserve Command. The deputy commander holds the grade of rear admiral and shall be appointed from members of the Naval Reserve in flag officer grades.

"(2) There is a chief of staff of the Naval Reserve Command. The chief of staff holds the grade of rear admiral (lower half) and shall be appointed from members of the Naval Reserve in the grade of captain or above.

"(d) ASSIGNMENT OF FORCES.—The Secretary of the Navy shall assign to the Naval Reserve Command all forces of the Naval Reserve.

"§ 10173. Marine Forces Reserve

"(a) ESTABLISHMENT.—There is in the Marine Corps a command known as the Marine Forces Reserve. The Secretary of the Navy shall maintain that command with the advice and assistance of the Commandant of the Marine Corps.

"(b) COMMANDER.—The Commander, Marine Forces Reserve, reports directly to the Commandant of the Marine Corps.

"(c) DEPUTY COMMANDER.—There is a deputy commander of the Marine Forces Reserve. The deputy commander holds the grade of brigadier general and shall be appointed from members of the Marine Corps Reserve in the grade of colonel or above.

"(d) ASSIGNMENT OF FORCES.—The Commandant of the Marine Corps shall assign to the Marine Forces Reserve specified portions of the Marine Corps Reserve.

"§ 10174. Air Force Reserve Command

"(a) ESTABLISHMENT OF COMMAND.—There is in the Air Force an Air Force Reserve Command, which shall be operated as a separate command of the Air Force. The Secretary of the Air Force shall maintain that command with the advice and assistance of the Chief of Staff of the Air Force.

"(b) COMMANDER.—The Chief of Air Force Reserve is the commander of the Air Force Reserve Command. The commander of the Air Force Reserve Command reports directly to the Chief of Staff of the Air Force.

"(c) DEPUTY COMMANDER; CHIEF OF STAFF.—(1) There is a deputy commander of the Air Force Reserve Command. The deputy commander holds the grade of major general and shall be appointed from members of the Air Force Reserve in general officer grades.

"(2) There is a chief of staff of the Air Force Reserve Command. The chief of staff holds the grade of brigadier general and shall be appointed from members of the Air Force Reserve in the grade of colonel or above.

"(d) ASSIGNMENT OF FORCES.—The Secretary of the Air Force shall assign to the Air Force Reserve Command all forces of the Air Force Reserve."

(2) The tables of chapters at the beginning of part I of such subtitle and at the beginning of such subtitle are each amended by inserting after the item relating to chapter 1005 the following new item:

"1006. Reserve Component Commands 10171".

(b) CONFORMING REPEAL.—Section 903 of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 3074 note) is repealed.

(c) IMPLEMENTATION REPORT.—(1) Not later than 60 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report on the plans of the Secretary for implementation of chapter 1006 of title 10, United States Code, as added by subsection (a).

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(2) For purposes of this subsection, the term "congressional defense committees" means—

(A) the Committee on National Security and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Armed Services and the Committee on Appropriations of the Senate.

(d) IMPLEMENTATION SCHEDULE.—Implementation of chapter 1006 of title 10, United States Code, as added by subsection (a), shall begin not later than 90 days after the date of the enactment of this Act and shall be completed not later than one year after such date.

SEC. 202. RESERVE COMPONENT CHIEFS.

(a) CHIEF OF ARMY RESERVE.—Section 3038 of title 10, United States Code, is amended to read as follows:

“§ 3038. Office of Army Reserve: appointment of Chief; Deputy Chiefs

“(a) ESTABLISHMENT OF OFFICE; CHIEF OF ARMY RESERVE.—There is in the executive part of the Department of the Army an Office of the Army Reserve, which is headed by a Chief of Army Reserve. The Chief of Army Reserve—

“(1) is the principal adviser on Army Reserve matters to the Chief of Staff and the Assistant Secretary of the Army with responsibility for reserve affairs; and

“(2) is the commander of the Army Reserve Command.

“(b) APPOINTMENT.—The President, by and with the advice and consent of the Senate, shall appoint the Chief of Army Reserve from officers of the Army Reserve who are not on active duty, or who are on active duty under section 10211 of this title, and who—

“(1) have had at least 10 years of commissioned service in the Army Reserve;

“(2) are in a grade above colonel; and

“(3) have been recommended by the Secretary of the Army.

“(c) TERM OF OFFICE; GRADE.—(1) The Chief of Army Reserve holds office for four years, but may be removed for cause at any time. In time of war or during a national emergency declared by Congress, the Chief may be reappointed for a term of not more than four years.

“(2) The Chief of Army Reserve, while so serving, has the grade of lieutenant general in the Army Reserve without vacating his permanent grade.

“(d) DEPUTY CHIEFS OF ARMY RESERVE.—There are two Deputy Chiefs of Army Reserve, one of whom shall be in the grade of major general and shall be appointed from officers in the Army Reserve in general officer grades and one of whom shall be in the grade of brigadier general and shall be appointed from members of the Army Reserve in the grade of colonel or above.

“(e) BUDGET.—The Chief of Army Reserve is the official within the executive part of the Department of the Army who, subject to the authority, direction, and control of the Secretary of the Army and the Chief of Staff, is responsible for preparation, justification, and execution of budgets for the Army Reserve. As such, the Chief of Army Reserve is the director and functional manager of appropriations made for the Army Reserve (including appropriations for personnel, for operations and maintenance, for procurement, and for construction).

“(f) FULL TIME SUPPORT PROGRAM.—The Chief of Army Reserve manages, with respect to the Army Reserve, the personnel program of the Department of Defense known as the Full Time Support Program.

“(g) ANNUAL REPORT TO CONGRESS.—(1) The Chief of Army Reserve shall submit to Congress an annual report on the status of the Army Reserve. The report shall include descriptions of—

“(A) the roles and missions of the Army Reserve;

“(B) the structure of the Army Reserve; and

“(C) the readiness of the Army Reserve to carry out assigned missions.

“(2) The annual report under paragraph (1) shall be submitted through the Secretary of the Army and shall be submitted each year with the submission of budget justification information provided by the Department of Defense to Congress for the next fiscal year.”.

(2) The item relating to that section in the table of sections at the beginning of chapter 305 of such title is amended to read as follows:

“3038. Office of Army Reserve: appointment of Chief; Deputy Chiefs.”.

(b) CHIEF OF NAVAL RESERVE.—(1) Chapter 513 of such title is amended by inserting after section 5142a the following new section:

“§ 5143. Office of Naval Reserve: appointment of Chief; Deputy Chiefs

“(a) ESTABLISHMENT OF OFFICE; CHIEF OF NAVAL RESERVE.—There is in the executive part of the Department of the Navy an Office of the Naval Reserve, which is headed by a Chief of Naval Reserve. The Chief of Naval Reserve—

“(1) is the principal adviser on Naval Reserve matters to the Chief of Naval Operations and the Assistant Secretary of the Navy with responsibility for reserve affairs; and

“(2) is the commander of the Naval Reserve Command.

“(b) APPOINTMENT.—The President, by and with the advice and consent of the Senate, shall appoint the Chief of Naval Reserve from officers of the Naval Reserve who are not on active duty, or who are on active duty under section 10211 of this title, and who—

“(1) have had at least 10 years of commissioned service in the Naval Reserve;

“(2) are in a grade above captain; and

“(3) have been recommended by the Secretary of the Navy.

“(c) TERM OF OFFICE; GRADE.—(1) The Chief of Naval Reserve holds office for four years, but may be removed for cause at any time. In time of war or during a national emergency declared by Congress, the Chief may be reappointed for a term of not more than four years.

“(2) The Chief of Naval Reserve, while so serving, has the grade of vice admiral in the Naval Reserve without vacating his permanent grade.

“(d) DEPUTY CHIEFS OF NAVAL RESERVE.—There are two Deputy Chiefs of Naval Reserve, one of whom shall be in the grade of rear admiral and shall be appointed from officers in the Naval Reserve in flag officer grades and one of whom shall be in the grade of rear admiral (lower half) and shall be appointed from members of the Naval Reserve in the grade of captain or above.

“(e) BUDGET.—The Chief of Naval Reserve is the official within the executive part of the Department of the Navy who, subject to the authority, direction, and control of the Secretary of the Navy and the Chief of Naval Operations, is responsible for preparation, justification, and execution of budgets for the Naval Reserve. As such, the Chief of Naval Reserve is the director and functional manager of appropriations made for the Naval Reserve (including appropriations for personnel, for operations and maintenance, for procurement, and for construction).

“(f) FULL TIME SUPPORT PROGRAM.—The Chief of Naval Reserve manages, with respect to the Naval Reserve, the personnel program of the Department of Defense known as the Full Time Support Program.

“(g) ANNUAL REPORT TO CONGRESS.—(1) The Chief of Naval Reserve shall submit to Congress an annual report on the status of the Naval Reserve. The report shall include descriptions of—

“(A) the roles and missions of the Naval Reserve;

“(B) the structure of the Naval Reserve; and

“(C) the readiness of the Naval Reserve to carry out assigned missions.

“(2) The annual report under paragraph (1) shall be submitted through the Secretary of the Navy and shall be submitted each year with the submission of budget justification information provided by the Department of Defense to Congress for the next fiscal year.”

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 5142a the following new item:

“5143. Office of Naval Reserve: appointment of Chief; Deputy Chiefs.”

(c) CHIEF OF MARINE CORPS RESERVE.—(1) Chapter 513 of such title is amended by inserting after section 5143 (as added by subsection (b)) the following new section:

“§ 5144. Office of Marine Forces Reserve: appointment of Commander

“(a) ESTABLISHMENT OF OFFICE; COMMANDER, MARINE FORCES RESERVE.—There is in the executive part of the Department of the Navy an Office of the Marine Forces Reserve, which is headed by the Commander, Marine Forces Reserve. The Commander, Marine Forces Reserve—

“(1) is the principal adviser to the Commandant on Marine Corps Reserve matters and

“(2) is the commander of the Marine Forces Reserve.

“(b) TERM OF OFFICE; GRADE.—(1) The Commander, Marine Forces Reserve, holds office for a term determined by the Commandant of the Marine Corps.

“(2) The Commander, Marine Forces Reserve, while so serving, has the grade of lieutenant general, except that if the Commandant of the Marine Corps recommends to the Secretary of the Navy that such position be held by an officer in the grade of major general, such position may be held by an officer in that grade.

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"(d) ANNUAL REPORT TO CONGRESS.—(1) The Commandant of the Marine Corps shall submit to Congress an annual report on the status of the Marine Corps Reserve. The report shall include descriptions of—

"(A) the roles and missions of the Marine Corps Reserve;

"(B) the structure of the Marine Corps Reserve; and

"(C) the readiness of the Marine Corps Reserve to carry out assigned missions.

"(2) The annual report under paragraph (1) shall be submitted through the Secretary of the Navy and shall be submitted each year with the submission of budget justification information provided by the Department of Defense to Congress for the next fiscal year."

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 5143 (as added by subsection (b)) the following new item:

"5144. Office of Marine Forces Reserve: appointment of Commander."

(d) CHIEF OF AIR FORCE RESERVE.—Section 8038 of such title is amended to read as follows:

"§ 8038. Office of Air Force Reserve: appointment of Chief; Deputy Chiefs

"(a) ESTABLISHMENT OF OFFICE; CHIEF OF AIR FORCE RESERVE.—There is in the executive part of the Department of the Air Force an Office of the Air Force Reserve, which is headed by a Chief of Air Force Reserve. The Chief of Air Force Reserve—

"(1) is the principal adviser on Air Force Reserve matters to the Chief of Staff and the Assistant Secretary of the Air Force with responsibility for reserve affairs; and

"(2) is the commander of the Air Force Reserve Command.

"(b) APPOINTMENT.—The President, by and with the advice and consent of the Senate, shall appoint the Chief of Air Force Reserve from officers of the Air Force Reserve who are not on active duty, or who are on active duty under section 10211 of this title, and who—

"(1) have had at least 10 years of commissioned service in the Air Force Reserve;

"(2) are in a grade above colonel; and

"(3) have been recommended by the Secretary of the Air Force.

"(c) TERM OF OFFICE; GRADE.—(1) The Chief of Air Force Reserve holds office for four years, but may be removed for cause at any time. In time of war or during a national emergency declared by Congress, the Chief may be reappointed for a term of not more than four years.

"(2) The Chief of Air Force Reserve, while so serving, has the grade of lieutenant general in the Air Force Reserve without vacating his permanent grade.

"(d) DEPUTY CHIEFS OF AIR FORCE RESERVE.—There are two Deputy Chiefs of Air Force Reserve, one of whom shall be in the grade of major general and shall be appointed from officers in the Air Force Reserve in general officer grades and one of whom shall be in the grade of brigadier general and shall be appointed from members of the Air Force Reserve in the grade of colonel or above.

"(e) BUDGET.—The Chief of Air Force Reserve is the official within the executive part of the Department of the Air Force who, subject to the authority, direction, and control of the Secretary of the Air Force and the Chief of Staff, is responsible for preparation, justification, and execution of budgets for the Air Force Reserve. As such, the Chief of Air Force Reserve is the director and functional manager of appropriations made for the Air Force Reserve (including appropriations for personnel, for operations and maintenance, for procurement, and for construction).

"(f) FULL TIME SUPPORT PROGRAM.—The Chief of Air Force Reserve manages, with respect to the Air Force Reserve, the personnel program of the Department of Defense known as the Full Time Support Program.

"(g) ANNUAL REPORT TO CONGRESS.—(1) The Chief of Air Force Reserve shall submit to Congress an annual report on the status of the Air Force Reserve. The report shall include descriptions of—

"(A) the roles and missions of the Air Force Reserve;

"(B) the structure of the Air Force Reserve; and

"(C) the readiness of the Air Force Reserve to carry out assigned missions.

"(2) The annual report under paragraph (1) shall be submitted through the Secretary of the Air Force and shall be submitted each year with the submission of budget justification information provided by the Department of Defense to Congress for the next fiscal year."

VII

(2) The item relating to that section in the table of sections at the beginning of chapter 805 of such title is amended to read as follows:

"8038. Office of Army Reserve: appointment of Chief; Deputy Chiefs."

(e) CONFORMING AMENDMENT.—Section 641(1)(B) of such title is amended by inserting "5143, 5144," after "3038,".

SEC. 203. GRADE OF VICE CHIEF OF THE NATIONAL GUARD BUREAU.

Section 10505(c) of title 10, United States Code, is amended by striking out "major general" and inserting in lieu thereof "lieutenant general".

SEC. 204. GRADE FOR RESERVE PERSONNEL CENTER COMMANDERS.

(a) IN GENERAL.—Chapter 1007 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 10216. Reserve personnel centers: grade of commander

"The commanders of the reserve personnel centers for the Army Reserve, the Air Force Reserve, and the Marine Corps Reserve shall each be a Reserve officer in the grade of brigadier general. The commander of the reserve personnel center for the Naval Reserve shall be a Reserve officer in the grade of rear admiral (lower half)."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"10216. Reserve personnel centers: grade of commander."

SEC. 205. EXEMPTION FROM ACTIVE DUTY GENERAL AND FLAG OFFICER GRADE CEILINGS.

Section 526 of title 10, United States Code, is amended by adding at the end the following new subsection:

"(e) A Reserve general or flag officer serving on active duty under section 10203, 10211, or 12301(d) of this title or who is on active duty but is excluded from the active-duty list under section 641(1)(B) of this title may not be counted against any ceiling established by law or by administrative action on—

"(1) the total number of general or flag officers who may be serving on active duty in the Army, Navy, Air Force, or Marine Corps;

"(2) the total number of general or flag officers who may be serving on active duty in any of those armed forces; or

"(3) the number of officers who may be serving on active duty in a particular general or flag officer grade."

SEC. 206. GUARD AND RESERVE TECHNICIANS.

(a) IN GENERAL.—Chapter 1007 of title 10, United States Code, is amended by adding after section 10216, as added by section 203, the following new section:

"§ 10217. Military (civilian) technicians: number of positions

"(a) LIMITATION ON REDUCTIONS.—The total number of positions authorized for personnel classified military (civilian) technicians of the Army National Guard, the Air National Guard, the Army Reserve, and the Air Force Reserve may not be reduced below the number specified in subsection (b) for the purpose of applying any administratively imposed civilian personnel ceiling, freeze, or reduction on such technician positions, unless such reduction is a direct result of a reduction in reserve component force structure.

"(b) BASELINE NUMBER.—The number referred to in subsection (a) is the total number of positions referred to in that subsection that are authorized as of the date of the enactment of this section."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding after the item relating to section 10217, as added by section 203, the following new item:

"10217. Military (civilian) technicians: number of positions."

SEC. 207. CONFORMING AMENDMENT.

Section 641(1)(B) of title 10, United States Code, as amended by section 202(e), is amended by striking out "10501" and inserting in lieu thereof "section 10502, 10505, 10506".

TITLE III—RESERVE COMPONENT ACCESSIBILITY

SEC. 301. AUTHORITY TO ACTIVATE READY RESERVE INTO ACTIVE SERVICE.

(a) REVISED AUTHORITY.—Section 12302 of title 10, United States Code, is amended to read as follows:

“§ 12302. Reserve activation authority: Ready Reserve units and members

“(a) PRESIDENTIAL AUTHORITY.—(1) If the President determines that augmentation of the active forces is necessary for a purpose specified in paragraph (2), the President may provide Reserve activation authority with respect to any of the reserve components.

“(2) The circumstances referred to in paragraph (1) are the following:

“(A) In time of national emergency declared by the President.

“(B) When necessary to provide Federal disaster relief to a State, when requested by the Governor of the State.

“(C) When otherwise authorized by law.

“(3) In this section, the term ‘Reserve activation authority’ means authority provided by the President to the Secretary of Defense, or to the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service of the Navy, to order to active duty (other than for training) without the consent of the members concerned (A) any unit of the Ready Reserve, and (B) any member of the Ready Reserve not assigned to a unit organized to serve as a unit.

“(b) PRIOR NOTICE TO CONGRESS.—Whenever the President intends to provide Reserve activation authority under the authority of this section, the President shall, not less than 48 hours before providing such authority, transmit to Congress a report, in writing, giving notice of the proposed exercise of authority and setting forth the circumstances necessitating the provision of Reserve activation authority. In the report, the President shall—

“(1) identify the units or members expected to be ordered to active duty or active Federal service;

“(2) describe the anticipated use of those units or members on active duty or in active Federal service and the anticipated length of time the units or members will be required; and

“(3) specify why the mission cannot be accomplished through the use of active component units.

“(c) TIME LIMITATION FOR ACTIVATION.—(1) When Reserve activation authority is provided under subsection (a), the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard when it is not serving as a service in the Navy, may, without the consent of the persons concerned, order any unit, and any member not assigned to a unit organized to serve as a unit, in the Ready Reserve under the jurisdiction of that Secretary, to active duty (other than for training), for a period not to exceed 24 consecutive months.

“(2) When a unit or member is ordered to active duty or active Federal service under paragraph (1), the Secretary concerned shall submit to Congress a report, in writing, giving notice of such order and stating the period of time for which the unit or member is ordered to active duty or active Federal service.

“(3) If an extension beyond the period specified in a report under paragraph (2) is subsequently ordered for any such unit or member, the Secretary shall, not less than seven days before the extension becomes effective, submit to Congress a report, in writing, giving notice of the extension.

“(d) QUARTERLY REPORTS TO CONGRESS.—(1) Whenever Reserve activation authority under subsection (a) is in effect, the President shall, within two working days of the close of each fiscal year quarter during which units or members of the Ready Reserve are on active duty or in active Federal service pursuant to the exercise of that authority, transmit to Congress a report regarding the necessity for those units or members being retained on active duty or in active Federal service, as the case may be.

“(2) The President shall include in each such report the following:

“(A) A statement of the mission of each such unit so ordered to active duty or active Federal service.

“(B) An evaluation of each such unit’s performance of that mission.

“(C) A description where each such unit is deployed (or being deployed, if in transit) at the time of the report.

“(D) An explanation of why the mission cannot be accomplished by regular force units.

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"(E) A statement of the number of members so ordered to active duty, shown for members so ordered as members of units and for members who are not assigned to units organized to serve as units.

"(F) Any other information that the President considers appropriate regarding each such unit.

"(e) NUMERIC LIMIT.—Not more than 1,000,000 members of the Ready Reserve may be on active duty (other than for training) without their consent under this section at any one time.

"(f) POLICIES AND PROCEDURES.—The Secretary of Defense shall prescribe such policies and procedures as the Secretary considers necessary to carry out this section. Such policies and procedures shall be prescribed in coordination with the Secretary of Transportation, insofar as they relate to the Coast Guard when not serving as part of the Navy."

(b) RELEASE FROM ACTIVE DUTY.—Chapter 1209 of such title is amended by inserting after section 12304 the following new sections:

"§ 12304a. Release from active duty

"(a) POLICIES AND PROCEDURES.—The Secretary of Defense shall prescribe policies and procedures for the release from active duty of units and members ordered to active duty under section 12302, 12303, or 12304 of this title. Such policies and procedures shall be prescribed in coordination with the Secretary of Transportation, insofar as they relate to the Coast Guard when not serving as part of the Navy.

"(b) MATTERS TO BE INCLUDED.—Those policies and procedures shall—

"(1) contain specific guidelines that units and members so ordered to active duty should be retained on active duty only when no active component unit or active component member is available to perform the mission that the reserve component unit or member would otherwise perform; and

"(2) take into account the effects of continuation of such units and members on active duty on civilian employment (including hardships to employers) and on family members.

"(c) TERMINATION OF ACTIVATION.—Whenever a unit of the Ready Reserve or a member of the Ready Reserve not assigned to a unit organized to serve as a unit is ordered to active duty under section 12304 of this title, the service of all units or members so ordered to active duty may be terminated—

"(1) by order of the President, or

"(2) by law.

"§ 12304b. Limitation on frequency of activation of units and members

"(a) LIMITATION ON FREQUENT ACTIVATIONS.—Except as provided in subsection (b), a unit of the Ready Reserve of a reserve component, or a member of the Ready Reserve not assigned to a unit organized to serve as a unit, may not be ordered to active duty under section 12302 or 12304 of this title more than once in any 24-month period.

"(b) WAIVER AUTHORITY.—(1) The President may waive the limitation in subsection (a) with respect to any unit or member upon a determination by the President that unit or member has a capability that is urgently required and that is not otherwise available.

"(2) Before any such waiver is effective, the President shall transmit to Congress a report, in writing, giving notice of the waiver and stating the basis for the determination by the President under paragraph (1) that formed the basis for the waiver."

(c) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by striking out the items relating to sections 12302, 12303, and 12304 and inserting in lieu thereof the following:

"12302. Reserve activation authority: Ready Reserve units and members.

"12303. Ready Reserve: members not assigned to, or participating satisfactorily in, units.

"12304. Selected Reserve: order to active duty other than during war or national emergency.

"12304a. Release from active duty.

"12304b. Limitation on frequency of activation of units and members".

(c) CONFORMING AMENDMENT.—Section 641(1)(E) of such title is amended by striking out "section 12304" and inserting in lieu thereof "section 12302, section 12303, section 12304."

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SEC. 302. REPORT TO CONGRESS CONCERNING TAX INCENTIVES FOR EMPLOYERS OF MEMBERS OF RESERVE COMPONENTS.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report setting forth a draft of legislation to provide tax incentives to employers of members of reserve components in order to compensate employers for absences of those employees due to required or involuntary training and for absences due to performance of required or involuntary active duty.

SEC. 303. REPORT TO CONGRESS CONCERNING INCOME INSURANCE PROGRAM FOR ACTIVATED RESERVISTS.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report setting forth a draft of legislation to establish an income insurance program to provide members of reserve components who are ordered to active duty or active Federal service (other than for training) income replacement for loss of income during the period of such activation and, in the case of such a member who owns a business, income replacement for the business and for employees of that member or business who have a loss of income during the period of such activation attributable to the activation of the member.

SEC. 304. REPORT TO CONGRESS CONCERNING SMALL BUSINESS LOANS FOR MEMBERS RELEASED FROM RESERVE SERVICE DURING CONTINGENCY OPERATIONS.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report setting forth a draft of legislation to establish a small business loan program to provide members of reserve components who are ordered to active duty or active Federal service (other than for training) during a contingency operation (as defined in section 101 of title 10, United States Code) low-cost loans to assist those members in retaining or rebuilding businesses that were affected by their service on active duty or in active Federal service.

TITLE IV—RESERVE COMPONENT RESOURCES**SEC. 401. ANNUAL REPORT TO CONGRESS CONCERNING SHORTFALLS IN RESERVE COMPONENT RESOURCES.**

(a) IN GENERAL.—(1) Chapter 1013 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 10543. Funding shortfalls in budget: annual report

“The Secretary of Defense shall include in the annual report to Congress under section 113(c) of this title a report on any shortfall or anticipated shortfall in funding for reserve component personnel, operations and maintenance, equipment, or military construction in the budget for the fiscal year beginning in the year in which the report is submitted.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“10543. Funding shortfalls in budget: annual report.”.

SEC. 402. ALLOCATION OF FUNDS APPROPRIATED FOR RESERVE COMPONENTS.

(a) LIMITATION.—Any amount appropriated for the Department of Defense for any reserve component shall be allocated by the Secretary of Defense to the use of that reserve component for the purposes provided by Congress. Any funds in a reserve component appropriation account may be transferred to an appropriation account for one of the active components only if the transfer of such amount from such reserve component account to such active component account is specifically authorized by law.

(b) IDENTIFICATION OF CERTAIN AMOUNTS IN RESERVE ACCOUNTS.—The Secretary of Defense shall ensure that any amount in a reserve component appropriation account that is intended for military or civilian personnel of the active components for service in support of that reserve component shall be shown separately in budget justification documents and otherwise in appropriate documents in the budget process.

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TITLE V—RESERVE FORCES SUSTAINMENT**SEC. 501. REPORT CONCERNING TAX DEDUCTIBILITY OF NONREIMBURSABLE EXPENSES.**

Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report setting forth a draft of legislation to restore the tax deductibility of nonreimbursable expenses incurred by members of reserve components in connection with military service.

SEC. 502. AUTHORITY TO PAY TRANSIENT HOUSING CHARGES FOR MEMBERS PERFORMING ACTIVE DUTY FOR TRAINING AT LOCATIONS OVER 50 MILES FROM RESIDENCE.

Section 404(j)(1) of title 37, United States Code, is amended by striking out "annual training duty" and inserting in lieu thereof "active duty for training, annual training duty".

SEC. 503. SENSE OF CONGRESS CONCERNING QUARTERS ALLOWANCE DURING SERVICE ON ACTIVE DUTY FOR TRAINING.

It is the sense of Congress that the United States should continue to pay members of reserve components appropriate quarters allowances during periods of service on active duty for training.

SEC. 504. SENSE OF CONGRESS CONCERNING MILITARY LEAVE POLICY.

It is the sense of Congress that military leave policies in effect as of the date of the enactment of this Act with respect to members of the reserve components should not be changed.

SEC. 505. GROUP DENTAL INSURANCE PLAN FOR MEMBERS OF SELECTED RESERVE.

The Secretary of Defense shall seek to arrange for the establishment by a private-sector insurance carrier of a group dental insurance plan for members of the Selected Reserve and their dependents which would enable those members and their dependents to obtain dental care at a low cost.

SEC. 506. LOCAL COMMUNITY AND MILITARY PERSONNEL MUTUAL BENEFITS PROGRAM.

(a) **IN GENERAL.**—Chapter 53 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 1060b. Local community and military personnel mutual benefits program

"The Secretary of Defense shall seek to enter into an agreement with the appropriate national organization representing retail merchants under which that organization would sponsor a program for the provision of price discounts by participating retail merchants to members of the armed forces."

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"1060b. Local community and military personnel mutual benefits program."

SEC. 507. COMMENDATION OF RESERVE FORCES POLICY BOARD.

(a) **COMMENDATION.**—The Congress commends the Reserve Forces Policy Board, created by the Armed Forces Reserve Act of 1952 (Public Law 82-476), for its fine work in the past as an independent source of advice to the Secretary of Defense on all matters pertaining to the reserve components.

(b) **SENSE OF CONGRESS.**—It is the sense of Congress that the Reserve Forces Policy Board and the reserve forces policy committees for the individual branches of the Armed Forces should continue to perform the vital role of providing the civilian leadership of the Department of Defense with independent advice on matters pertaining to the reserve components.

H.R. 1646, RESERVE FORCES REVITALIZATION ACT OF 1995

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Thursday, March 21, 1996.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2212, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Subcommittee on Military Personnel comes to order.

Since the end of the cold war, there has been a fundamental change in how the United States has employed its military forces. Incorporated into that fundamental change is an increased reliance on the Reserve and National Guard that no one 10 years ago could have ever foreseen. No longer do we talk about the active component needing the Reserve component only to go to war, although that has become an unassailable truth of current wartime planning.

Rather, the unequivocal reality of operations today is that the United States cannot conduct even small- to medium-scale peace-keeping operations without the Reserve components. Thus, the National Guard and our Reserves have become essential to military operations like those in Haiti, Bosnia, Iraq, Guantanamo Bay, and others, and I always specifically mention Somalia because I flew over the killing fields there where our last two Medal of Honor winners won their Nation's highest honor posthumously, Randy Shugert and Gary Gordon.

Today, the subcommittee will hear testimony regarding H.R. 1646, the Reserve Forces Revitalization Act. This legislation, the product of the untiring and dedicated efforts of Representative Greg Laughlin, Colonel, Army Reserve, and others, is a major initiative to largely restructure the laws that now govern the Reserve components. These laws have not been comprehensively examined since they were last updated in 1967. As I told Mr. Laughlin when he approached me 10 months ago to please consider H.R. 1646, I told him I am fully committed to revisions in law that will ensure the continued viability of the Reserves in the total force in a fundamentally changed world.

Before I introduce our first panel of witnesses, I wanted to turn first to Mr. Pickett for any remarks. Since he is with constituents

and is a little late, I will talk to a man who has not set out to become a legend in his own time but is approaching that status, my good friend from Mississippi, Sonny Montgomery, also a two-star General and proud of his Guard service. Sonny, do you have any opening remarks?

**STATEMENT OF HON. G.V. (SONNY) MONTGOMERY, A
REPRESENTATIVE FROM MISSISSIPPI**

Mr. MONTGOMERY. Thank you very much. I will be very brief, Mr. Chairman.

On what you said earlier about using the National Guard and Reserve, I was called to active duty during the Korean war and we were not totally used there. Vietnam is a good example of not getting the communities involved. They did not call enough of the Guard and Reserve in Vietnam.

An example of where you used the Guard and Reserve was the Persian Gulf war and it had an effect on the different communities. A small community was not going to come out and protest the Persian Gulf war when their sons and nephews and cousins had marched off to war.

I hope we never get involved in another conflict, but when you have one, you have got to use the Reserves, and this is what this is all about today. I have been stressing that total force for years. We are using total force in Bosnia.

These are my buddies out there today. I know most of you personally and see you quite often. Thank you for coming up this morning. And to Congressman Laughlin, thank you for introducing this bill.

Mr. DORNAN. I just want to add something to that, Mr. Montgomery. Mr. Laughlin and I took a trip, and we were the only two Congressmen on CODEL Dornan to the Balkans in August. We went to Macedonia to see how our troops are doing there. We went to Albania to observe the top secret unmanned aerial vehicle program that was in the London Times, so it was not secret, the Predator. Then we went to Slovenia and saw how they cared more about becoming a bilateral friend of the United States, the same in Albania, than they were interested in joining NATO or any peace groups. They just wanted our friendship at the top in Slovenia and in the bottom of the Balkans in Albania.

But when we were about to leave the country, we were about to leave from Milan, the air war started, the short, about a 14-day period of air strikes that I think changed the landscape over there both literally and diplomatically. I said to Greg, what do you say we leave tomorrow on the same flight? Let us move our flight. Let us take this embassy van and let us drive to Aviano. How far can it be, 3, 4 hours, and we did it. We drove across the top of Italy, arrived at Aviano just in time that the air crews were coming back from their first strikes.

We went into the briefing rooms, and this is kind of a pleasant experience for an old peacetime fighter pilot like myself. They had the cassettes already out of the cockpits. They were sticking them into the VCRs and they were running their bomb damage imagery right on the screens from missions just 2 or 3 hours before. We greeted EA-6 Prowlers crews coming back that had been up in the

air for 6½ hours, actually climb up the ladder and say, "This is a Congressional inspection. Is your cockpit clean?" We greeted these guys back.

I started talking to this one fellow and I said, "What is that patch on your sleeve?" He said, "That is New Mexico." I said, "Are you a Guardsman?" He had been on active duty 4 days, and I thought, this is a Walter Mitty fantasy for a Guardsman when I was a young pilot, to be on your job in Albuquerque or Santa Fe or somewhere, check into your Guard squadron, catch an Air Force hop, pick up somebody else's A-10 or F-16, and be flying in combat when you were a civilian 4 days before.

Last night, I had dinner with former Senator DeConcini. His son is an F-16 pilot in the Guard in Richmond and he is just back from the Balkans flying Operation Deny Flight missions over there. So this is really just what you said, a total concept of using our Reservists actually in combat within hours of leaving their civilian status, and all the communities have newspaper articles reflecting that, so we really have a new day.

Let us introduce panel one, where we will have a distinguished lead-off witness and then a pretty distinguished panel of Reserve flag officers. Welcome back again to the Hon. Deborah R. Lee, assistant secretary of Defense for Reserve Affairs, Department of Defense. It is good to have you back.

I am sorry. How could I not let Mr. Laughlin, who is the genesis for this bill and this committee hearing, speak? Please make any remarks you want, Mr. Laughlin.

STATEMENT OF HON. GREG LAUGHLIN, A REPRESENTATIVE FROM TEXAS

Mr. LAUGHLIN. Thank you, Mr. Chairman and General Montgomery, Mr. Skelton. I thank you very much for the honor that you have given me to participate in this hearing today.

As I listened to your remarks before you opened the hearing, quoting whoever it was in the ditch, I had the same thought. What is a lawyer from West Columbia, a town of about 3,000 people, doing in front of so many generals, because I remember as a cadet at Texas A&M at age 18 thinking a captain was pretty superior, and I still feel that way, being in the Army ROTC. So I am honored to be facing so many generals who have given a lifetime of commitment to our country.

Article I, Section 8 of the United States Constitution confers on the Congress power to raise and support armies, to provide and maintain a navy, to provide for calling forth the militia, to provide for organizing, arming, and disciplining the militia, and to make all laws which shall be necessary and proper for carrying into execution the foregoing powers. At its heart, H.R. 1646 is designed to reinforce the Congress's ability to carry out those responsibilities.

As we hold these hearings today, over 3,000 citizen-soldiers, sailors, airmen, and marines are serving in and around Bosnia-Herzegovina as part of the United Nations implementation force. As full and indispensable participants in Operation Joint Endeavor, these men and women are the latest in a long line of honorable citizens which stretches back beyond the founding of this republic.

H.R. 1646 is the first comprehensive Congressional examination of America's citizen-soldiers in over 30 years. This bill includes the experiences and judgments of many people. H.R. 1646 literally is the product of years of work. This bill, this product being considered today, is not an end. Rather, it is a beginning. It is a forum. It is the centerpiece of a debate that will change the paradigms where they need to be, codifying law which has proven successful, and to openly discuss what is required to reinstate the historical model of the American citizen-soldier.

After half a century of large-standing active forces necessary because of the cold war, America must return to the model which has proven itself over two centuries.

I might add, as I researched the issues in H.R. 1646, that I, along with an admiral and general officer representing all our military services, visited Germany, the United Kingdom, and Israel to compare differences between those countries' reserve systems and our own. We found that the United Kingdom and Germany are themselves in the process of changing their military reserve systems because they recognize that the reserve components must be utilized differently than they were in the cold war years.

I am glad to say that our goal of reinstating the importance of the citizen-soldier is one that is shared by nearly all the informed participants in this process. During the past year, each of the services have had an extensive coordination and participation in writing H.R. 1646. I want to thank and compliment all the service chiefs and their staffs who have participated for their advice and wisdom. We have not agreed on every point, but that is not a requirement in a democracy.

The Reserve Forces Revitalization Act has four primary sections, Reserve component structure, Reserve component accessibility, Reserve component resources, and Reserve component sustainment.

Mr. Chairman, H.R. 1646 looks at priorities and procedures concerning when and how we mobilize our citizen-soldiers to active duty. Just as important is the issue of when and how do we return those citizen-soldiers to their families, employment, and businesses when they are no longer needed on active duty.

The goal is to design a less cumbersome procedure that calls the citizen-soldier to active duty to be able to deal with any national problem, whether a military operation, peacekeeping force, or natural disaster. We must ensure that the silent partners in this system, the employers of America, understand that Congress knows their problems. Congress must help society as a whole understand the sacrifices made by the citizen-soldier and by the employer when the Nation calls its Reserve component.

It is vital that we remember that our citizen-soldiers are ready, willing, and able to come to the Nation's defense on a moment's notice. On the other hand, we must keep in mind that the citizen-soldier is a citizen first and a soldier second. Unlike an active duty soldier, a citizen-soldier has full-time responsibilities to employers, communities, businesses, and in many cases, employees.

Finally, Congress must ensure that it gets a complete picture of Reserve component readiness, not just a coordinated Department position which minimizes problems.

How does H.R. 1646 address these issues? Each service will have a formal Reserve Command. This will ensure that unique Reservist issues are addressed in the most efficient manner. This bill requires all non-mobilized Reserve forces in each respective service to be assigned to the service's Reserve Command.

This specific language is not intended to conflict with the requirement of current law to assign all forces to the Combatant Commands. Rather, the intent of the language is to be in harmony with existing Joint Chiefs of Staff guidance on this issue. H.R. 1646 does nothing to change that carefully considered policy.

This bill is structured to support the primacy of warfighting commanders. In addition, H.R. 1646 recognizes the key distinction between active forces assigned to the warfighting commands and their Reserve component counterparts. Non-mobilized citizen-soldiers are citizens. Mobilized citizen-soldiers are soldiers.

The Reserve Commands will be commanded by officers who understand Reservists and their problems. In most cases, this will be Reservists commanding Reservists. The Reserve Commander will be a flag and general officer who wears the rank needed to do the job. Reserve flag and general officers will be allowed to lead their Reserve Commands without competing for active duty allocations.

H.R. 1646 is an attempt to end the senseless and wasteful turf battles that have raged far too long among some of the total force components. This bill establishes a mechanism to recognize the legitimate and proper role played by each service's components. We must end the bickering that often takes place over issues. We must substitute a new framework to ensure that our citizens have access to all the tools of our Nation's military when they need them. Each of the services believes in a seamless force. Unfortunately, the system of splintered procurement, different personnel systems, different logistics systems, and lines of authority sets one Reserve component against another in a constant competition for resources and training dollars.

H.R. 1646 clarifies the confusing hodgepodge of Reserve component funding. Instead of separate add-ons for equipment and weapons procurement, some of which I have participated in, H.R. 1646 sets the stage for integrated procurement under the control of the services. In this way, Reserve components are assured of the best possible interoperability of their equipment and systems with their active duty counterparts. This bill recognizes each component's strengths and encourages cooperation, not competition.

In addition, Congress will get regular direct and undiluted reports on the status and readiness of the Reserve Commands. These reports are not intended to be repetitive of the reports currently compiled by the Department of Defense. Rather, the Department will be required simply to clarify the status and health of each Reserve component by giving each Reserve Chief the opportunity to give information to the Congress without it being staffed to conform to the Department's position.

In this way, Congress can make informed decisions at the beginning of the annual procurement process instead of add-ons that Congress historically does for the Reserve components. Reserve accessibility will be streamlined and the obsolete patchwork system

designed for the Cold War will be replaced by a recall philosophy that will be responsive to future needs.

There has been much discussion regarding section 301 of this bill. It is no secret that this has been the most contentious part of the bill. Many of us interested in the Reserve components have worked long and hard to craft a change to current law that would be acceptable to everyone. A change is necessary. The current system by which we recall Reservists is obsolete at best and detrimental to our national security at its worst.

For example, Title X, Section 12304 says, in part, "No unit or member of a Reserve component may be ordered to active duty to provide assistance to either the Federal Government or a State in time of a serious natural or manmade disaster, accident, or catastrophe." Worse yet, it also prohibits the President from recalling Federal Reservists to active duty "whenever the United States is invaded." More incredibly, some have said this is acceptable.

You will hear testimony from Ed Philbin, Executive Director of the National Guard Association of the United States. He will detail for you a proposal from the National Guard advisory panel which studied the issue of military support to civilian authorities during natural disasters. This proposal contains 11 principles which support the types of changes I incorporated into the national disaster relief section of this bill.

I applaud the efforts of the advisory panel and of General Philbin to help reach consensus on the issue. I was hopeful that agreement could be reached. Unfortunately, this was not possible. Old turf battles just do not stop easily.

Our responsibility to the American people is to ensure access to all Federal assets which are bought and paid for by those people's hard-earned tax dollars, regardless of the uniform or the agency where the people responding to natural disasters may be employed on a day-to-day basis. Most importantly, those assets must be provided at the time they are needed, not days after the natural disaster.

When citizens' homes, businesses, and neighborhoods are destroyed, they are not concerned which uniform or Federal agency appears to help them. American citizens are entitled to be helped and should not have to wait because of bureaucratic policy.

This bill paves the way for appropriate incentives to be a citizen-soldier and for employers to hire and support citizen-soldiers. For the first time, this legislation addresses the needs of the Reservists who are themselves employers and business owners. This bill addresses basic troop issues that need updating, such as dental insurance and comprehensive income protection insurance.

In conclusion, Mr. Chairman, this bill is the starting point to help Congress in its constitutional role of oversight of the military force of the United States to ensure that our citizen-soldiers are ready as they are willing.

Thank you, Mr. Chairman. I am available for questions for the panel or to continue working with you and the other members of the panel as you desire. Again, I thank all those who have worked so many hours and so many years in trying to bring this bill to a reality that helps support the Nation. Thank you, Mr. Chairman.

Mr. DORNAN. Mr. Laughlin, are you going to be able to stay with us through most of the hearing?

Mr. LAUGHLIN. Yes, sir.

Mr. DORNAN. Excellent.

Mr. LAUGHLIN. Mr. Chairman, while that sounded lengthy, I felt that it was necessary to give somewhat of an overview. I have a much longer formal statement that I would like to submit for the record.

Mr. DORNAN. That will be done. Thank you.

Mr. LAUGHLIN. In conclusion, I received a phone call this morning that there had been amendments to the bill in the last 24 or 48 hours and I know of none.

[The prepared statement of Mr. Laughlin follows:]

HR 1646

THE RESERVE FORCES REVITALIZATION ACT

STATEMENT FOR THE RECORD

CONGRESSMAN GREG LAUGHLIN (R-TX)

HEARINGS BEFORE THE SUBCOMMITTEE ON PERSONNEL

MARCH 21, 1996

I. Historical Context

The end of the Cold War and the ensuing period of worldwide readjustment and reassessment have brought a host of new military challenges and opportunities that would have seemed unlikely before the fall of the Soviet Union. Never before in a time of peace have our armed forces found themselves so widely engaged. The Persian Gulf War, Somalia, Haiti, Rwanda, Bosnia, combat operations, peacekeeping, disaster relief efforts, and assistance to civil authorities all are among the places and missions in which our men and women in uniform recently have served.

Such efforts test our resolve and our budgets even in the best of times. These times of increasing fiscal constraint and declining resources call for discipline, imagination, and a strong commitment to make the most effective use of our defense resources.

Operation Desert Storm demonstrated the validity of our Total Force policy, which places increased reliance on the Reserve Component. Warfighting commanders at every level enthusiastically endorsed the competence, professional expertise, and consistent achievement of reserve forces. The very fact that reserves were mobilized proved in itself to be a catalyst for the overwhelming level of public support that our troops enjoyed during that conflict.

Given this growing reliance upon our Reserve Component and its increasing contribution to the full spectrum of military operations, the time has come to resolve a number of the systemic problems, large and small, that have troubled the military since the passage of the Reserve Component Bill of Rights and Vitalization Act nearly 30 years ago. Many of these problems are not new. Rather, they are simply part of a structure that evolved to meet the threats and challenges of the Cold War era.

With the end of that era, however, we have begun to reshape our armed forces to meet the varied threats to our national interest that already are emerging as we prepare to enter the twenty-first century. HR 1646, The Reserve Forces Revitalization Act, is intended to ensure that Cold War attitudes, policies, and limitations are replaced with forward-looking programs and policies that recognize the realities of the Total Force.

To reach this goal, it is vital that the Reserve Component's leaders be involved at the appropriate time during decision-making. With the appropriate seat at the appropriate table, with rank appropriate to their level of responsibility, they will provide appropriate expertise in reserve matters. Decisions will be made with reserve capabilities and reserve-unique issues taken into consideration from the beginning of the process. This will re-establish and emphasize the traditional American concept of the "citizen-soldier" which is older than the republic itself.

HR 1646 is a forum for discussion among all affected organizations and leaders to make best use of the one factor which our history teaches: In all conflicts in which America has participated, the proper use of the citizen-soldier, airman, sailor and Marine literally has made the difference between victory and defeat.

II. The Structure of the Reserve Component

The armed forces are undergoing their most comprehensive restructuring since the massive demobilization following World War II. The active components will decrease in size from 2.1 million people to 1.4 million by 1999, and the Reserve Component will decrease from 1.1 million to 0.9 million.

The United States military's structure has reached the point that over half its forces are in the Reserve Component. As a result, the majority of decisions made for the American military are made not in the Pentagon, but in the offices and on the shop floors of American business. Civilian employers make those decisions every day across the country when they manage employees who also are citizen-soldiers. Thus, most of the issues regarding the citizen-soldier's training schedule, his or her volunteer deployment, and his or her overall quality of life are out of the hands of military commanders.

At the same time, many more missions are being transferred to the Reserve Component for daily execution. Operational tempo is up, while insufficient operations and maintenance funding is fresh on the minds of all commanders. It is readily apparent that the dictum to "do more with less" is being applied in the extreme to the reserve forces.

Typically, the United States has relied on a small standing active-duty force structure. However, traditional reserve forces were neither equipped nor trained to participate in on-going military operations. This tradition is clearly in the past.

This environment creates the need to restructure the Total Force in a way that capitalizes on the performance and cost-effectiveness of the Reserve Component and on the added public support citizen-soldiers bring to any military contingency. Conversely, the new environment also places a heavy responsibility on our national command authority to capitalize on the Total Force while maintaining public support of citizen-soldiers' employers and employees.

Reserve Issues

H.R. 1646 establishes the Army Reserve Command, the Air Force Reserve Command, the Naval Reserve Force, and the Marine Forces Reserve. In addition, the reserve chiefs' grades are established at lieutenant general/vice admiral. The general and flag officers of the Reserve Component are exempted from active duty grade limits. Civilian full-time support technician positions are recognized for the military necessity they are, and are exempted from arbitrary reductions. Finally, H.R. 1646 establishes,

for the first time in our history, a comprehensive set of incentives which will make it easier for the services to recruit and to retain quality citizen-soldiers and for civilian employers and employees to adjust to the needs of citizen-soldiers.

Reserve Commands

In the FY 94 Defense Authorization Act, the Army Reserve Command was made permanent after a two year trial period. In doing so, Congress recognized the need for citizen-soldiers to command their own forces until mobilization. Air Force, Navy, and Marine Corps relationships with their reserve forces were held up as examples to be followed. The Air Force Reserve was singled out for its high rate of readiness, which was attributed to it being a separate command under the command of a citizen-soldier. In fact, it is not established in law as a separate command. The Air Force Reserve is a Field Operating Agency which, because of the dynamic personalities of its senior leadership, traditionally has enjoyed a cordial relationship with the Chief of Staff.

Recognizing that any of these relationships could change as personalities change, it is necessary to accord to all the services the same status enacted for the Army Reserve Command. H.R. 1646 establishes each as a separate reserve command in its parent service with each reserve commander reporting directly to his or her service chief. The reserve commander will have a four year term. This is similar to the statutory tenure policy for the active service chiefs, and gains the advantages of continuity and stability that are particular reserve strengths.

Assignment of Forces

The issue of assignment of reserve forces has been an ongoing debate since the 1986 Goldwater-Nichols Defense Reorganization Act. HR 1646 requires all non-mobilized reserve forces in each respective service to be assigned to the service's Reserve Command. This specific language is not intended to conflict with the requirement of current law to "assign" all forces to the combatant commands.

Rather, the intent of the language is to be in harmony with existing Joint Chiefs of Staff guidance on this issue. Combatant commanders (CINCs) will exercise combatant command authority over reserve component forces after those forces are mobilized or ordered to active duty (other than for training). This concept recognizes the responsibility of the services to train reserve components in anticipation of the use of those components in combat by the combatant commanders.

HR 1646 does nothing to change this carefully considered policy. In fact, the bill is structured to support the primacy of the CINCs in this area. In addition, HR 1646

recognizes the key distinction between active forces assigned to the CINCs and their reserve component counterparts: Non-mobilized citizen-soldiers are citizens; mobilized citizen-soldiers are soldiers. Prior to mobilization, it is the responsibility of the reserve commander, in coordination with the service chiefs and the CINCs, to prepare his soldiers for combat.

Until now, there has been no consensus on what CINC combatant command authority entails for the Reserve Component. There has been no consistency to the authority the CINCs have exercised over assigned RC forces not on active duty. HR 1646 recognizes that it is incumbent on the services to "assign" Reserve Component assets to the CINCs in their role as combat planners. At the same time, HR 1646 allows the services to maximize training dollars by avoiding splintered and obsolete organizational structures.

HR 1646 clarifies this area and is consistent with the intent of the Goldwater-Nichols Defense Reorganization Act of 1986. The assignment of reserve equipment and personnel to the reserve commands preserves the statutory responsibilities of the Secretaries of the Military Departments for training, readiness, resourcing, mobilization, administration and support of forces assigned to combatant commands. This provides a wide latitude to the CINCs to determine how to fulfill their responsibilities.

Statutory Term of Office

We saw in the Vietnam conflict that harsh circumstances can combine to coerce good and honest officers to compromise their judgment when their careers depend on satisfying superiors who control those officers' professional lives. This certainly is not to suggest that those officers are dishonest. Rather, H.R. 1646's statutory tours for reserve chiefs and its statutory reserve commands account for, and shield reserve chiefs from, those pressures that can distort professional advice.

To meet its Constitutional obligations to raise and support the military, Congress needs clear and unfettered professional advice from its reserve chiefs. Congress cannot get this advice if the reserve chiefs are beholden to organizations which may have interests at odds with citizen-soldiers. Congress must take the lead to mold the military in ways that will have flexibility for the future. It is simply unrealistic to expect people whose careers are dependent on the Cold War organization they built to dismantle that organization. To exercise proper leadership in this area, Congress must ensure that it gets information directly from the top citizen-soldiers involved.

Marine Forces Reserve

The Marine Forces Reserve will be structured nearly as it is presently organized. This is in recognition of the outstanding readiness rates of citizen-soldier Marines across the Corps. In addition, the performance of citizen-soldier Marines during Operation Desert Shield/Storm was exceptional.

In addition, the unique nature of Marine operations and the small size of the Corps led Congress to realize that the Marines require a unique structure. Congress also recognizes that, like the Air Force Reserve, the Marine Corps already had structured its reserve component and trained its citizen-soldiers to assume full combat capability. The combat performance of the Marine Forces Reserve speaks for itself. Most importantly, the Marine Corps, like the Air Force Reserve, long ago implemented the principle that it would not operate without its citizen-soldiers.

This common-sense approach necessarily led the Marine Corps to give serious peace-time support and dedication to its reserve component. Therefore, Congress sees no need to change a system which, although different from the other services, works well in meeting the unique combat needs of the Marines.

The Commander of the Marine Forces Reserve, like the other services, will be designated as a reserve lieutenant general. However, given the small number of general officers in the Marine Corps and Marine Forces Reserve, Congress felt that the Commandant should have the flexibility to designate an outstanding active duty list general officer to command the Marine Forces Reserve, when necessary. Despite this pragmatic approach, Congress will continue to emphasize the importance of appointing a reserve general officer to command the Marine Forces Reserve.

Naval Reserve Force

Similarly, the Naval Reserve Force will have flexibility in naming an active duty list flag officer to command this organization. This is in recognition of the small number of reserve flag officers available. It is important to remember when evaluating this provision that Congressional intent clearly is to encourage the Secretary of the Navy to strongly consider reserve officers for this command.

Rank of Reserve Chief

In each service, the reserve command is one of the largest in terms of personnel, mission roles, and equipment. HR 1646 simply recognizes that the reserve chiefs must have rank commensurate with the size of their responsibility. In addition, it is vital that

the reserve chiefs, when coordinating with their fellow major commanders, have rank necessary for the levels at which they operate.

For example, several independent studies in the past have supported the rank of lieutenant general for the position of Chief of Army Reserve. The results of those studies have relevance to all the services. They recognized the extent of responsibility of the position and of the commanders who carry out the responsibility of leading reserve commands. As early as November 1989, Secretary of the Army Stone adopted the concept of an independent reserve command, commanded by a lieutenant general.¹

In addition, the Independent Commission concluded:

"The position of Commanding General, USARC should be authorized and filled at the grade of Lieutenant General. The responsibilities related to the number of units having nearly 280,000 USAR TPU personnel requires the authority and rank of that level. This should be accomplished immediately."²

Reserve General/Flag Officers Exempt from Active Restrictions

Concurrent with establishing separate commands, H.R. 1646 exempts Reserve Component general and flag officers from accountability against active duty restrictions. Since the advent of the Total Force Policy in 1973, the missions of the Reserve Component have become wide-ranging and complex. As a consequence, Congress has recognized the necessity of establishing leadership of these forces at the highest levels.

H.R. 1646 applies this concept and grade structure to the increased responsibility which has been assigned to the Reserve Component. H.R. 1646 establishes the reserve chief grade at a level commensurate with this increased responsibility. In addition, it codifies the reserve chief position where most appropriate - directly under the service chief. Only in this manner can the service chief be assured of accurate advice on reserve matters and of good command of the reserve forces in that service.

As the nation has dictated more comprehensive responsibilities for the Reserve Component of the Total Force, the requirement for senior officers to be placed on active duty to lead these forces has become more urgent. However, under the current ceilings, each time a service brings a Reserve Component general or flag officer to active duty to manage these responsibilities, the service must do so at the expense of an existing active component allocation.

¹ Michael P.W. Stone Letter to The Honorable John P. Murtha (November 6, 1989).

² U.S. Army Reserve Command Independent Commission Final Report, Section III (15 October 1992), p.19.

Because the Regular Component in each of the military services has its own need for senior officer leadership, the services naturally are reluctant to transfer their general officer positions to the reserve. This situation has prevented the creation of new reserve general/flag officer positions despite the growing need for these senior officers to manage the daily missions of the Reserve Component.

H.R. 1646's "decoupling" of the two lists of general/flag officers would benefit the active component by permitting it to utilize more of its own positions. It also would eliminate pressure for the active component to oppose the establishment of additional reserve general/flag officer positions. In this way, the Reserve Component will have the senior leadership positions it requires.

Military Reserve Technicians

Military technicians are key to the historically high readiness of the Reserve Component. Primarily concentrated in the areas of operations and maintenance, percentages of military authorizations filled by civilian technicians vary by unit, with maintenance accounting for most positions. Military technicians are the full-time managers, trainers and administrators of Reserve Component operational units. They provide continuity of unit activities between scheduled training periods.

Each technician must hold a military position in his or her reserve unit in order to work in the technician position. The present policy of treating military technicians as any other civil service employee fails to acknowledge the military nature of these positions. Personnel assigned to these positions are subject to immediate military mobilization with their units. Each technician position has been validated to support force structure requirements, and the people in these positions directly are responsible for sustaining the combat status of their units. They are the Reserve Component full-time military force, equivalent to active component members.

Though currently there is no statutory technician floor, the DoD Appropriations Act prohibited funds to be used to reduce the number of military technicians, unless such reductions are the direct result of a reduction in military force structure. The committee conferees were concerned that the phased reductions planned for military technicians would have a significant negative impact on the full-time support program of the Reserve Component and on the readiness of reserve units.

If the planned cuts had proceeded, installations would have closed and a decline in force structure would have followed. In effect, decisions concerning force structure would have been driven not by military necessity, but by the numbers of technicians

available. This action would be contrary to the Defense Secretary's other, already implemented decision, to rely more heavily on the Reserve Component.

Congress, by its action in 1994, recognized the necessity to avoid this consequence. H.R. 1646 codifies Congress' temporary exemption and will keep these vital technician positions filled. The intent is not to hamstring reserve commanders' authority to allocate technician strength where it is most needed. Rather, H.R. 1646 simply prohibits arbitrary and unfounded reductions by executive fiat.

III. Reserve Component Accessibility

With the downsizing of active components and the resulting transfer of missions to smaller, increasingly more robust Reserve Component, the service chiefs have become more accustomed to accept the Reserve Component as a full partner in the Total Force. Active components have placed greater reliance on Reserve Component expertise and capabilities to support the full range of operational and humanitarian missions. Leaner budgets have made reliance on the Reserve Component a reality. With that reality has come the expectation that the Reserve Component would be as ready and as available as its active counterparts.

However, current laws were designed for a fundamentally different purpose - to activate reserve forces to counter the communist threat where ever that large-scale threat appeared. In this post-Cold War era the world has changed. Our military missions have changed and will continue to change. Our Defense Department is smaller, and we have experienced both voluntary and involuntary reserve activations during many contingency operations. The laws concerning accessibility of citizen-soldiers and the impact of that activation on citizen-soldiers, employers, and employees must reflect these challenges and prepare for the approaching 21st century.

Limits on Frequent Activation

Our greater and more frequent reliance on citizen-soldiers has, in some cases, stretched units beyond reason. Although we rely on the reserves to do more and to do it more often, we cannot ask any individual citizen-soldier to do too much. We must ensure that the availability of citizen-soldiers is enhanced and that the ability of citizen-soldiers to serve our nation is not diminished.

The expanded use of reserve units and individuals to augment active components in contingencies is accepted today as a critical and essential ingredient of our national defense. However, the old adage "you can't go to the well too often" describes the situation facing many citizen-soldiers today. Multiple pressures from home and work severely strain and complicate the increased reliance we have placed on our citizens who also are soldiers.

Presidential Activation Authority

To recognize the changing threats of today and tomorrow, H.R. 1646 clarifies the circumstances for which the president may activate reserve units and individuals. In all cases, the underlying principle is that citizen-soldiers may be activated only to

augment active duty forces. When the citizen-soldier is no longer necessary, he or she is sent home to rebuild the family and business left behind.

H.R. 1646 recognizes the need for Congressional involvement. It requires the President to report the specific need to Congress prior to activating reserve troops.

Further, the president is required to report several specifics to Congress each fiscal quarter during any activation's continuation. The President will report the mission of each reserve unit, the performance of that unit in its mission, the deployment location of each unit, and an explanation of why the unit's mission cannot be accomplished by active duty units. H.R. 1646 emphasizes the need to de-activate any citizen-soldier who is not essential.

Natural Disaster Relief

A significant change to present law is the authority in H.R. 1646 for the President to activate Reserve Component to provide disaster relief when requested by a state governor. The new authority provided by H.R. 1646 enhances state authority by giving state governors reserve personnel and equipment, located in or near the state, to deal with a disaster as quickly as possible.

In every natural disaster on record, states naturally have welcomed any help they could muster. It is true that active duty units and interstate compacts (if consummated) could help in this area. HR 1646 makes federal Reserve Component personnel available to the states to help recover from natural disasters.

IV. Reserve Component Reports and Budget Issues

Annual Reports to Congress

Congress recognizes that, in today's environment of tight fiscal realities, tough decisions must be made regarding budgets. Service secretaries and commanders must put funding where it is best used. However, Congress also realizes that Reserve Component funding often is specific to unique reserve needs. In addition, personnel recruiting and training issues are particularly and uniquely difficult throughout the reserves. All these problems pose critical questions for reserve readiness.

This problem has been identified and studied by several agencies. The issue of equipment readiness is the subject of an annual report by the Secretary of Defense.³ Despite calls for complete equipment compatibility, the Secretary admits:

"the RC (Reserve Component) are not fully equipped to meet the equipment readiness requirements of the national defense strategy, particularly in combat support/combat service support (CS/CSS) equipment."⁴

For these reasons, H.R. 1646 requires the reserve commanders, through their chain of command, to report specific reserve readiness issues to Congress. Each year, the reserve chiefs will report to Congress the roles and missions of their command, the organizational structure of their command, and their readiness to carry out missions assigned to their command. Although these reports will be provided through the normal chains of command, the reports will be independent sources of data. With this information, Congress will be better able to analyze the true Reserve Component readiness issues that affect each of the service reserve forces.

Reserve Component Budget Issues

There is universal acceptance in Congress that the Reserve Component is a significant and vital part of today's Total Force. In addition, decision makers realize that the proportion of reserve participation will increase in the future, and that the services expect their citizen-soldiers to increase the frequency of their support of operations in an expanding variety of mission areas. It also is generally accepted that

³ See 10 U.S.C. §10541 (1994).

⁴ *National Guard and Reserve Equipment Report for FY 1996* (February 1995), p. 1.

allocation of funds for the Reserve Component by the services during budget development has not been sufficient to address reserve requirements.

Reserve funding shortfalls affect the full spectrum of operations, including operations & maintenance, facility maintenance, repair and replacement, equipment modification and procurement, and pay and allowances for individual citizen-soldiers. Underfunding of the reserves has been exacerbated by the extraordinary fiscal pressures that have affected the services and which are expected to continue in the future.

In the past, Congress has recognized the funding quandary faced by the Reserve Component and has taken direct action by providing additional funding. For example, over \$14 billion dollars have been added for reserve equipment procurement in the Guard and Reserve Equipment (NG&RE) appropriation since its initiation by Congress in 1982.

Congress has also noted the multi-billion dollar backlog of essential reserve facility maintenance, repair, and construction. As a result, Congress has appropriated funds for needed projects that, because of fiscal constraints, have not been included in budget requests by the service secretaries.

The Reserve Component also has had to rely on Congress to restore required unit force structure and personnel strength and to provide needed funding in reserve personnel and in Operations & Maintenance appropriations. Paradoxically, this Congressional support has put the reserves in an untenable position. Knowing that Congress had funded individual Reserve Component programs in the past, some DoD decision makers have not fully supported Reserve Component needs during the annual budgeting process.

Thus, a vicious spiral takes hold which requires the Reserve Component to go back to Congress to fund shortfalls caused by an active component expectation that the Reserve Component would be supported by Congress. In addition, because reserve funding can now be diverted to other pressing needs within the parent services, the Reserve Component can be left without sufficient funding to support training. The proof of this unfortunate situation is the fact that the Army, Navy, and Air Force each had to request supplemental appropriations for their reserve component personnel appropriations in Fiscal Year 1994 and Fiscal Year 1995.

To enable Congress to stay informed about these Reserve Component funding issues, H.R. 1646 requires the Department of Defense to submit an annual report to Congress which will detail reserve shortfalls. In addition, H.R. 1646 requires that any reserve funding be "fenced" and used solely for the reserve purposes intended. In these ways, the Reserve Component can escape this destructive funding cycle.

V. Reserve Component Sustainment & Employment Incentives

In this period of adjustment that has followed the fall of the Soviet Union and the dissolution of the strategic certainties of the old bipolar Cold War world, the Reserve Component is faced with increasing responsibilities within the Total Force. Force reductions and severely constrained budgets have made increased reliance upon the Reserve Component as much a necessity as a virtue.

The men and women of our Reserve Component are being asked to do more to support contingency operations since we won the Cold War than they ever were tasked at its height. The pressures that this increased utilization places upon our Reserve Component have grown significantly and make it very important that we do what we can to offer systemic incentives, and to remove disincentives, to service in the Reserve Component.

Employer-Employee Relations

In this era of change it is important to remember the one thing that will remain constant: "Citizen-soldiers" are citizens first and soldiers second. Employers expect a full-time employee, not an employee who is only a part-time helper whose schedule must constantly be changed to accommodate the employee's military responsibilities. The citizen-soldier's employees need a paycheck when their employer has been called to military duty in another part of the world. Self-employed citizen-soldiers should not be forced to lose their businesses to defend their nation.

H.R. 1646 paves the way to help in these areas. It calls for legislation to provide tax incentives to employers who hire citizen-soldiers. It also calls for income insurance protection for citizen-soldiers and for citizen-soldiers' employees. In addition, it calls for small business loans for those citizen-soldier business owners affected by their call to duty.

Individual Citizen-Soldier Incentives

H.R. 1646 calls for restoring tax deductibility for military nonreimbursable expenses and will thus relieve citizen-soldiers from subsidizing their own training. In addition, it reiterates the need to pay citizen-soldiers for temporary housing when they travel long distances to training. Finally, H.R. 1646 will start the process of obtaining equitable dental care and retail price discounts for citizen-soldiers and their families.

Finally, HR 1646 eliminates the distinction between active duty orders which now exists. Presently, a citizen-soldier and that citizen-soldier's family enjoys significantly diminished pay and benefits when active duty orders are issued for a period of fewer than 31 days. Given the increased frequency of activation and danger faced by citizen-soldiers, it is only equitable that the nation treat all citizen-soldiers alike, regardless of the length of active duty tour to which they are ordered.

H.R. 1646 seeks to eliminate potential dangers to sustaining our all-volunteer reserve force. It is vital to relieve the pressures on the nation and the society that provides the individuals who fill our all-volunteer military force. In doing so, we protect the system that, so far in our history, has been a great success story.

May 25, 1995

General John H. Tilelli
Vice Chief of Staff
United States Army
The Pentagon, Washington, D.C.

Dear General Tilelli:

Thank you for your thoughts concerning H.R. 1646, the Reserve Revitalization Act of 1995 (REFRA), which I introduced last week. I value your input to this legislation.

Let me assure you that my article in The Officer magazine was not intended to accuse the Army leadership of lacking an appreciation of their reserve components. However, I do believe that Congress has the responsibility to help America's Army "be the best it can be."

As you are well aware, the Constitution places responsibility with Congress to "raise and support Armies." Inherent in this Constitutional framework is the responsibility for Congress to be constantly vigilant to ensure that our military is in the best posture to defend this nation. When we see, or are made aware that something is amiss, we are obligated to correct the shortcoming.

Congress has taken its responsibility very seriously over the years and, when necessary, has exercised its Constitutional authority. In 1967 Congress recognized a shortcoming in the readiness of the Army and Air Force Reserve, and in the way the Department of Defense managed its Reserve forces. To correct these shortcomings, Congress passed PL 90-168, the Reserve Forces Bill of Rights and Vitalization Act. Congress saw the utility and cost-effectiveness of a well trained, ready and effectively managed and led Reserve.

PL 90-168 was intended to improve the readiness of the Army Reserve and Air Force Reserve by giving Reservists a greater role in managing their own components. The Air Force fully embraced this approach and very soon thereafter placed the Chief, Air Force Reserve in charge of that agency.

The Army was less responsive, and only after considerable urging by Congress established an Army Reserve Command some 20 years later. One such urging was language in the Operation and Maintenance, Army, section of the 1990 Defense Appropriations bill. This prohibited the obligation or expenditure of \$100 million appropriated for Management Headquarters until the Secretary of the Army submitted a plan providing the Chief of the Army Reserve command authority over Army Reserve Forces.

In the Fiscal Year 1991 Defense Authorization Act, Congress

directed the establishment of the USARC Independent Commission (IC) to assist the Secretary of the Army in assessing the progress and effectiveness of the USARC. Congress agreed to wait for the completion of the IC review before seeking other legislative remedies. This was only because Congress believed the Army would implement the Committee's recommendations without further Congressional action.

Frankly, I am concerned that there has been little movement on the IC's recommendations. I haven't witnessed the effort to implement the Commission's recommendations that the Secretary's 19 Jan 93 memorandum indicated would happen. What is the status of the Commission's fifteen recommendations?

There have been promises made to Congress that as yet have not been kept. In November 1989, the Secretary of the Army wrote letters to Senator Thurmond, Congressman Murtha and others saying that the Army intended to establish its new Army Reserve Command which would be commanded by a Reserve lieutenant general. In October 1990, the Independent Commission recommended that the Army should recognize and fill this command billet as a lieutenant general. In January 1993, in a memorandum to the Chief of Staff, the Secretary of the Army approved this action, but wrote that the Army "must let the dust settle before making a decision to fill the three-star billet." Now, over five years after the original promise, I must ask: Has the dust settled yet?

In January 1994, when you were the Army's DCSOPS, you distributed a memorandum: Subject: United States Army Reserve Command, to FORSCOM, TRADOC and the Army staff that clearly defined Section 903 of the Defense Authorization Act of 1994 which directed the establishment of USARC as a separate command. That memorandum ordered a suspense date of 11 February 1994. I must ask: What has been the impact of your memorandum and what is the status of the Army's plan to fully implement Section 903 to flesh out USARC?

Many of my colleagues and I believe, based on experience, that the only way Congress can get improvements in our Reserve forces is through legislation. I see growing obstacles to a strong and ready Reserve and I believe we must do more to attract and retain quality reserve soldiers for America's Army. H.R. 1646 will further that goal.

The Army has made great strides in recent years in training and integration of its reserve components, and Congress is well aware of the Army's dedication to its Reserve components. H.R. 1646 is intended to simplify and help that integration, and to make the Total Army concept a reality. I share General Sullivan's belief that America's Army must be a seamless Army. To do that, I am convinced that the Reserve components must be full partners in every decision-making and resourcing decision. H.R. 1646 will help achieve General Sullivan's goal.

Hearings on H.R. 1646 will take place later this year in the National Security Committee, based on language adopted in this year's Defense Authorization bill. I'm sure you agree with me that this is the appropriate forum to investigate and resolve the issues we have identified.

I would be happy for you to come and discuss any of these vital issues with me. I welcome your input, and will welcome your call.

Sincerely,

Greg Laughlin
Member of Congress



DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF LEGISLATIVE LIAISON
1600 ARMY PENTAGON
WASHINGTON DC 20310-1600
May 30, 1995



Honorable Greg Laughlin
House of Representatives
Washington, D. C. 20515

Dear Congressman Laughlin:

Thank you for your May 25 letter to General Tilelli concerning H. R. 1646, the Reserve Revitalization Act of 1995.

An inquiry has been initiated. You will be further advised as soon as information becomes available. If you have any questions, please refer to case number 5052695.

Sincerely,

George T. Greiling
Lieutenant Colonel, U. S. Army
Chief, Special Actions Branch
Congressional Inquiry Division



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NATIONAL PRESIDENT
 JAMES J. CAREY
 RADM, USNR (RET)

EXECUTIVE DIRECTOR
 J E FORREST
 REAR ADMIRAL, SC, USN (RET)

20 March 1996

The Honorable Greg Laughlin
 U. S. House of Representatives
 442 Cannon House Office Building
 Washington, D.C. 20515-4314

Dear Congressman Laughlin

Your efforts in the development of the Reserve Forces Revitalization Act (H.R. 1646) reflect great insight into national security requirements, and are to be commended.

The Naval Reserve Association supports the proposed increase of the Chief of Naval Reserve to the rank of Vice Admiral, with the condition that it be disengaged from the flag officer end-strength numbers and serves on the staff of the Chief of Naval Operations.

In addition, the proposal to provide tax incentives to employers of Reservists is an excellent vehicle to communicate support for those who may have to respond to a military recall on short notice.

Creating parity in pay and benefits without a distinction that is based on length of active duty orders is a positive step toward reasonable and equitable management of the Reserve forces.

Your proposed legislation focuses upon the key requirements needed to move the entire military force toward the level of true integration that will strengthen our national defense.

Sincerely,

James E. Forrest

Copy to Chairman Robert K. Dornan
 Committee on National Security
 Subcommittee on Military Personnel

ECM/rvb ds



CHIEF OF STAFF
UNITED STATES AIR FORCE
WASHINGTON

11 January 1998

~~Care~~
Dear Mr. Laughlin

I apologize for taking so long to acknowledge your letter of 13 December. Unfortunately, my schedule will not permit me to join you on 22 January for the Reserve Officers Association Mid-Winter Conference. I will, however, be attending the conference on the 24th.

Thank you for taking the time to present the keynote address to this important forum. Following are some comments that you may wish to incorporate into your speech:

I support the Reserve Forces Revitalization Act of 1995. This bill formalizes many of the roles and responsibilities of the Reserve Components and recognizes their increased significance to the Total Force. The Air Force integration of its Reserve Components into Total Force operations is the acknowledged model in DoD, and the provisions of this legislation would permanently establish the command and staff structures which permit our success.

RONALD R. FOGLEMAN
General, USAF
Chief of Staff

The Honorable Greg Laughlin
U.S. House of Representatives
Washington, D.C. 20515-4314

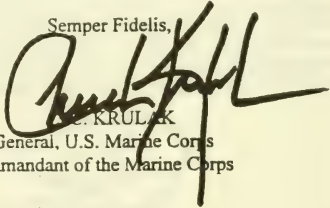


29 January 1996

Dear Congressman Laughlin,

I had the opportunity to read the speech that you gave at the Reserve Officers Association Midwinter Conference on 22 January. It is great! HR1646, the Reserve Forces Revitalization Act, is the kind of support that will successfully lead America and her Armed Services into the 21st century

Semper Fidelis,



CHARLES KRULAK
General, U.S. Marine Corps
Commandant of the Marine Corps

The Honorable Greg Laughlin
442 Cannon House Office Building
Washington, DC 205154314



2 February 1996

Dear Mr. Laughlin,

I would like to take this opportunity to thank you for taking on this monumental legislative effort to improve our Reserve Forces. On several occasions I have been allowed to provide input to the proposed bill. You have accommodated all of my requests. Your effort will benefit our Reserves, accommodate everyone's view, and produce a document that we can all embrace.

This bill provides the Marine Corps a platform to truly demonstrate that we are a Total Force. The days of two Marine Corps are gone. Our Regular and Reserve components will be broadly and seamlessly integrated, and indivisible as a balanced warfighting force. The Marine Corps supports the Reserve Forces Revitalization Act of 1995.

If I can provide any further assistance, please to let me know.

Sincerely,

C. C. KHAMAK
General, U.S. Marine Corps
Commandant of the Marine Corps

The Honorable Greg Laughlin
House of Representatives
Washington, DC 20515-4314

Mr. DORNAN. Thank you. Out of due respect to the former superb chairman of this subcommittee, Mr. Ike Skelton, do you have any opening remarks you want to make?

Mr. SKELTON. No.

Mr. DORNAN. Any other members of the committee?

Mr. Chambliss.

Mr. CHAMBLISS. Mr. Laughlin, you, I believe, have been a supporter of this concept while you were a Democrat as well as a Republican, is that right? So that makes this a true bipartisan bill. [Laughter.]

Mr. LAUGHLIN. To the gentleman from Georgia, I will say that is absolutely true and I will go a step further. I was crossfires with a service here in the room that is not mine, and I am in the Army. This was several years ago over a base closing issue, and I think this makes the point very well.

When we put on the uniform and swear an oath of allegiance to defend and protect the Constitution of the United States, that is what we do. It does not matter what party we are in, and it never mattered to me what color uniform I wore; and I have been in several different statuses as a reservist, and I think every person out there in uniform today has the same commitment.

So it did not matter to me whether I was a Democrat or a Republican as to the intent of this bill and I thank the gentleman for his question.

Mr. DORNAN. If any of the parts that were written while you were a Democrat are rough, we are going to smooth them out. [Laughter.]

Mr. LAUGHLIN. Mr. Chairman, I expect this committee will do that.

Mr. DORNAN. Thanks for all your hard work, too, Greg. We appreciate it.

The introductions for panel 1. I should have said that Secretary Deborah R. Lee will be accompanied by Lt. Gen. Edward D. Baca, Chief of the National Guard Bureau; Maj. Gen. Max Baratz, Chief of the Army Reserve; Rear Adm. Thomas F. Hall, Chief of the Naval Reserve; Maj. Gen. Robert A. McIntosh, Chief of the Air Force Reserve; and Brig. Gen. Ron Richard, Director of the Marine Corps Reserve.

I know that the generals accompanying Secretary Lee do not have formal opening statements but I would welcome any comments that they wish to make following Secretary Lee's presentation.

Ms. Lee, you may begin.

STATEMENT OF HON. DEBORAH R. LEE, ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS, DEPARTMENT OF DEFENSE; ACCOMPANIED BY LT. GEN. EDWARD D. BACA, CHIEF, NATIONAL GUARD BUREAU; MAJ. GEN. MAX BARATZ, CHIEF, ARMY RESERVE; REAR ADM. THOMAS F. HALL, CHIEF, NAVAL RESERVE; MAJ. GEN. ROBERT A. MCINTOSH, CHIEF, AIR FORCE RESERVE; AND BRIG. GEN. RON RICHARD, DIRECTOR, MARINE CORPS RESERVE

Ms. LEE. Thank you, Mr. Chairman and distinguished members of the subcommittee. I certainly appreciate, as I always do, coming

home here to the Military Personnel Subcommittee and particularly today to appear before you to address the proposed legislation by Mr. Laughlin, the Reserve Forces Revitalization Act.

First let me begin by saying that I wholeheartedly support efforts to strengthen and enhance the Reserve components within the total force. I know most of you personally. I have known most of you personally for years and I think you will agree with me that I do try to work very hard at this each and every day.

As you know, in today's environment, as has been pointed out, the Reserves are more critical to this Nation's defense than perhaps ever before in recent history, and I, too, would like to acknowledge just briefly the bipartisan support that our Reserve forces have received over the years. Of course, in 1973, DOD under then-Secretary of Defense Melvin Laird adopted the total force policy, which was designed to recognize that all of America's assets, active, Guard, Reserve, civilians, and contractors should be fully used to provide for our Nation's defense, and each succeeding administration after that point has supported this policy.

Of course, as you know, today, the integration of the Reserve and Guard into the service's war-fighting capability is at an all-time high. We certainly still have our challenges and we are working at those challenges, but we are at an all-time high.

With the downsizing of our armed forces and the continuing need to meet demanding operational requirements, it has become very, very important to leverage the capabilities of the Guard and Reserve to help relieve the operational tempo on the active duty force. I like to call this strategy compensating leverage. That is, we are leveraging our Reserve forces in new and different ways in order to help us compensate for the fact that today we have a smaller active duty force.

This is a principle that Dr. Perry has embraced and he has, in fact, directed the Department to reorient its thinking to try to capitalize even better on Reserve component capabilities.

We believe and I certainly believe that H.R. 1646 is intended to recognize this very important picture of the Reserve contribution and its partnership within the total force that I have described to you, and as such, we very much agree with the spirit of the bill.

But having said that, reasonable people sometimes do differ on how best to achieve our goals, and in some cases in this bill we do have differences of opinion on how best to accomplish our goals. There are provisions of the bill that we believe could potentially create barriers to more effective integration of Reserve and Active Forces and certainly that is not what any of us want.

Let me at this point, if I may, comment on key sections of the proposed legislation. First, I will begin with section 301, which, of course, addresses accessibility and mission. The Commission on Roles and Missions concluded recently that Reserve accessibility is no longer a major issue, and I will tell you from my perspective, as someone who has now been in my job for almost 3 years and who has worked the accessibility area quite hard, I agree and I believe that it is no longer a major issue.

The voluntary and the involuntary use of Reserve component units and individuals in Haiti and Bosnia have been good news stories about the accessibility of the Reserve components and the De-

partment greatly appreciates Congress's help in providing greater access to the Guard and Reserve by allowing for the 270-day callup duration under the Presidential selected callup authority, and we certainly will continue to push for streamlined internal procedures so that we can get access to our people quickly when we need to.

The Laughlin bill would change the access to the Reserve components while at the same time limiting the number and frequency of callups. Although I do not believe it is the author's intent, I am concerned about this provision because I believe that the bill's new reporting requirements and limitations on Reserve activation could prove administratively burdensome and could potentially hinder flexible decision making, which would have the unintended effect, but a practical effect nonetheless, of actually limiting Reserve component accessibility.

Therefore we disagree with the requirement for 48-hour notification before activating Reserves, the restrictions on activating Reserves more than once in any 24-month period, and the provision for deactivation of Reserve personnel whenever active personnel are available to perform the mission.

Having said this, we very much agree that our people are our most important asset and we recognize the need to protect our reservists and not burn them out and not overuse them. So what are we doing about it?

For one thing, we are trying to manage our programs as such so that we do not call the same people over and over and over again, thus leading to burnout. As evidence of this, I would tell you that during our most recent callups, Bosnia and Haiti, the services made a successful and a concerted effort not to call the same units twice. So, that is, those who were called for Haiti were not called for Bosnia.

And, as of last July, we put out a new DOD directive on activation, mobilization, and demobilization of the ready reserve which makes it clear that members of the Guard and Reserve subject to an involuntary callup shall be retained on active duty no longer than absolutely necessary and that following demobilization, to the extent that it is possible, mission shall be accomplished not by reservists but by active component forces augmented by civilian employees or contract personnel. So again, my point is we are moving in this direction but we have a slightly different way of how we want to get there.

I would also tell you that we have not lost sight of a Reservist's need to balance his or her commitment to family and civilian employer with the commitment to country, and here again, that gets to the core of our quality of life issues within the Reserve components and we, too, have made that a top goal that we want to address. For families, I would tell you that we are very pleased that we issued a directive on family readiness in the Reserve components, which from all the reports that I have seen thus far, has served our Reserve families well during our most recent mobilization in Bosnia.

For employers, the Laughlin bill contains a provision for a tax incentive which is similar, actually, to a proposal that we have had under study in DOD and that we are working on. I certainly share the concerns that Mr. Laughlin laid out that employers do experi-

ence, particularly small employers, real economic hardships and so we, too, want to address that issue of a tax incentive.

A difference we have is that the Laughlin proposal contained in this bill would apply to any absence from the workplace for any period of active duty, be it training or be it a callup. By contrast, the proposal that we are working on is limited only to absences in support of a contingency operation and is targeted to those who would most notice the absence and inconvenience, namely self-employed reservists or owners of small businesses.

So again, we are on the same track. We have scaled back our proposal, however, on the tax incentive in order to target those who we feel would need it most and also to keep the cost of it down, since cost is a very real consideration. So again, we welcome the idea of a tax incentive and would ask for this committee's support at the appropriate time for the proposal that we hope to come forward with.

With respect to authorities and procedures for domestic emergency response, in my judgment, and I have looked at this issue in some detail, what is needed here is not so much a change in the law, I have become convinced, but rather what we need to do is make sure that our internal process is the best that it can be so that we can ensure State support, and when required, adequate and timely Federal assistance.

We did review this issue within the Department of Defense within what we call our accessibility working group and the consensus at that time—this is now about a year-and-a-half to two years ago—was that rather than a change in Federal law, we could do a whole lot internally by improving our procedures. And, in fact, I think we have made progress over the past couple of years in improving our support for domestic disasters.

For example, there has been the formation of regional compacts between governors, the assignment of Reserve liaison officers to FEMA, the use of automated Reserve unit data bases, and the loan of equipment and other resources, as needed.

The National Guard continues to provide the first line of defense to support local authorities responding to domestic emergencies. However, the activation of Reserve forces in support of disaster relief is already provided for in law, either as volunteers or, if necessary, under a declaration of national emergency. And, in fact, we have had those declarations of national emergency for most of the most recent very bad disasters and we have utilized both active and Reserve and Guard personnel. We have tried to put the full assets of the Federal Government behind these efforts when needed.

A February 29 draft of this bill contained alternate language for this section, which causes us concern because it would appear to give perhaps undue weight to State and domestic requirements in making force structure decisions. As you know, this administration does support and embraces the State role of the National Guard. That is part of national security in our judgment and we have tried to stand by that at all times. However, there is a balance here that has to be struck. My concern is that the February 29 draft might tilt the balance too far away from the Federal missions and toward the State.

The second area I would like to address is the organizational issues, which are dealt with in sections 201 to 208. First, on the establishment of separate Reserve Commands, our position—we have tried to outline it clearly in the DOD General Counsel response to Congress, which is dated February 27. Basically, what this response says is that the idea of institutionalizing Reserve Commands is one that we like, one that we support. However, there are some modifications which we feel we need in order to ensure adequate management flexibility and consistency with existing statutory authorities.

The bottom line is that this would essentially institutionalize much of what we already have and the way we do business today with one exception and that is with the Army. The Chiefs of each of the Reserve forces currently report directly to their respective service chiefs and I would defer to the Army at a later point to explain their specific command reporting chain and how that is somewhat different from the other services but why the Army believes that it works quite well for them.

With respect to assignment of forces, I share the Joint Staff's concerns that the provisions of the draft bill need to be very clear and very consistent with DOD's efforts to clarify command authority for Reserve component forces. And as Mr. Laughlin pointed out, his intent really was not to change that in any way and I think that is very good news.

With respect to general officer slots, there is no question but that it is difficult to support grade and number increases during a downsizing of the force, and, of course, we are about 80 percent of the way downsized but we still have a bit more to go. DOD has not requested these increases. On the other hand, I think there is a legitimate argument to be made that increases for the Reserve commands are justifiable on the basis of the relative size of the Reserve force and the changed status of the Reserve forces in the post-cold-war world. As Mr. Chairman pointed out, we are no longer the backup force of last resort in the Reserve world but rather we are an integral part of just about every military operation.

With respect to exempting Reserve component general and flag officers from active duty grade ceilings, the Department would support such a provision only if it does not result in a reduction of active duty general and flag officer allocations.

Third, let me talk about resourcing, which is sections 401 through 403, particularly those areas that would change the way that we plan, program, and budget for the Reserve components. The current process for reprogramming funds between appropriation accounts, as you all well know, does require congressional approval from the four major defense committees.

I am somewhat concerned that the proposed legislation, which would go beyond requiring the four committees to approve but rather would require a new legislative vehicle in order to change funding, would result in a slower process and a less expedient process and would, at the end of the day, restrict some of the Secretary of Defense's flexibility and some of the service secretaries' flexibility to manage their resources.

With respect to the annual reporting to Congress on resource shortfalls, my suggestion there would be that if the reports that we currently do are not sufficient or on target or responsive, that you all consider modifying some of the existing reporting requirements rather than having another report being required.

Finally, the budget responsibilities specified in the proposed legislation for the Chiefs of the Reserve components reflect pretty much current duties with one exception and that is procurement. Requiring the Reserve Chiefs to prepare, justify, and execute a separate procurement appropriation budget could result actually in higher procurement costs and increased administrative overhead, and the reason for that is because they currently do not have the personnel or the mechanisms or any of the important elements necessary to be able to do that procurement on their own.

I certainly, having said that, share the author's concern that we need to do the very best job possible to equip our Reserves with modern and compatible equipment so they can do their job with the active components, and here again, we are hard at work at that internally. This year's budget has about \$1.1 billion of new procurement in it for the Reserve components. We are redistributing millions of dollars more of older equipment from the active to the Reserve and we have set up a new equipment working group in DOD so that we can try to think how to do this job smarter and better for the future.

The fourth area is sustainment, and that is sections 501 through 508. Several of the sustainment provisions contained in the draft bill are very consistent and we support them. They are consistent with the quality of life initiatives that have been among Dr. Perry's top priorities. And for the Reserve community, as we ask them to do more, I think we have to keep our eye on that quality of life ball.

We are already working very hard to implement two key initiatives which were targeted in the Laughlin bill and which also became law in the fiscal year 1996 DOD authorization bill, those two initiatives being the mobilization insurance and the dental insurance program, both of which we have scheduled for implementation in October 1996.

With respect to some of the other sustainment provisions, a small business loan program merits further consideration and I would like some more time to look at that and review that, but I am very interested in that idea.

We would support making permanent the authority to reimburse transient housing charges for reservists performing active duty for training.

However, on a third matter, the proposal for a local community benefits program, it has raised a flag with our general counsel who believes that there is a potential for conflicts of interest and violations of the ethics laws and regulations.

Finally, let me address the provision that would require complete parity in benefits between active duty personnel and Reserve component members serving on active duty. I certainly support, in general, providing our Reserve members with benefits comparable to their active counterparts to the extent practical. However, at the same time, I believe that we should continue to ensure that the

compensation and benefits structure for Reserve component members is based not only on the length of active duty service but also on the basis of duty status, mission, and other relevant factors.

We must also assess the equity provided by the benefit, the ability of the military system to support the benefit change, and the cost. A blanket policy providing equal benefits for all may, in fact, be too costly, administratively unmanageable, and may, in effect, come back to actually hurt reservists in certain designated areas.

Mr. Chairman, we have covered much ground, in my judgment, in the last several years in the Reserve world and the future promises to be equally challenging. I certainly commit to you that I am going to do all in my power to support and protect Reserve component personnel and their families and to work hard to ensure that the Guard and Reserve is a well-trained, mission-ready, and accessible force capable of taking on missions overseas and here at home.

As I travel, I can tell you that the men and women in uniform that I meet with are absolutely topnotch and I am awfully proud to be able to be their Assistant Secretary.

I thank you very much for the opportunity to come before you this morning. Speaking for myself, as well as for the Reserve Chiefs, we certainly appreciate the interest and support that you have consistently provided to our Reserve components and we would welcome your questions.

[The prepared statements of Ms. Lee and Admiral Hall follow:]

STATEMENT OF THE
ASSISTANT SECRETARY OF DEFENSE
FOR RESERVE AFFAIRS
THE HONORABLE DEBORAH R. LEE
BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
OF THE
HOUSE NATIONAL SECURITY COMMITTEE
MARCH 21, 1996

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OF THE HOUSE NATIONAL SECURITY COMMITTEE

Introduction

Thank you, Mr. Chairman and members of the Committee, for the opportunity to talk to you about America's Reserve components. Over the years, this Committee's actions have supported Reservists, their families, and their employers; you have modernized their equipment and infrastructure; and you have ensured mission-ready forces in the Reserve components. Your efforts are appreciated, and on behalf of each and every Reservist, I thank you very much.

Since the Congressional hearing season has been compressed this year, I want to take this opportunity to present you with a broad overview of the accomplishments made possible by your support, our goals for the coming year, and areas where your continued support is needed.

Before I begin, I want to acknowledge the bipartisan basis for today's increased reliance on the Guard and Reserve forces. In 1973, under Secretary Laird, the Department of Defense adopted a Total Force policy, which recognized that all of America's military assets -- Active, Guard, Reserve, civilians, and contractors -- should be fully used to provide for our defense. Each succeeding Administration has supported this policy. The integration of Reserve forces into the Services' warfighting capability, as required by the National Military Strategy, has reached an all time high. The lower peacetime costs of Reserve forces, when compared to similar active units, have made possible a fully capable Total Force at a smaller defense budget.

This year I established four over-arching goals for the National Guard and Reserve to support Secretary Perry's goals for the Total Forces:

- (1) Maximizing the Reserve component RC contribution and promoting its accessibility in support of the Total Force;
- (2) Promoting readiness of the Reserve forces;
- (3) Promoting further integration and jointness of the Reserve components in the Total Force;
- (4) Improving Reserve component quality of life to support a ready force.

I will address each goal in greater detail and describe initiatives we have underway within each goal.

Goal 1: Maximize RC Contribution and Accessibility

You can feel proud of the contributions that the Reserve forces made this past year in support of their Services and the CINCs. This year, I want to make it possible for them to contribute to their full capabilities. My three objectives under this goal are to promote increased peacetime operational use of the RC, to promote Reserve component accessibility for the full range of military operations, and to address force structure options for increased reliance on Guard and Reserve forces.

Promoting increased peacetime use of the RC, by leveraging existing training resources and opportunities overseas and in the US communities, is a win-win proposition. The use of existing RC training resources to support real-world mission requirements overseas for the CINCs and Services generates valuable training as a by-product. In addition, the RC undertake medical and engineering projects which enhance mission readiness skills and help address pressing community needs here in the United States. These “innovative readiness training projects” provide training normally not available, involve the military in our communities (thus improving recruiting, retention and morale), while leveraging taxpayers’ dollars to provide cost effective medical and engineering support.

- In FY 96 Secretary Perry set up a pilot program to increase the peacetime operational use of the RC to relieve active PERSTEMPO/OPTempo. He provided a central fund of \$25M per year to cover increased transportation costs and incremental days of active duty associated with training outside the US. In FY 96, more than 120 CINC missions for the Guard and Reserve were approved and funded worldwide.
- In the FY 97 budget, we will need your support in providing us some flexibility to overcome an obstacle we have encountered to effectively implement these initiatives. We have requested authority to transfer small levels of O&M funds to Military Personnel, should the CINCs desire, in order to pay some of the incremental costs associated with these initiatives.

Promoting Reserve component accessibility is key to expanded RC use. The Commission on Roles & Missions concluded that Reserve accessibility is no longer a major issue. I agree. The Department greatly appreciates your help in providing greater access to the Guard and Reserve by allowing for a 270-day call-up duration under PSRC. The voluntary and involuntary use of Reserve component units and individuals in Haiti and Bosnia have been good news stories about the accessibility of the RC. In both instances, all the Reserve components have been involved. I will continue to push for streamlining of DoD’s procedures to implement involuntary call-up.

Providing analysis and advice on force structure options for increased reliance on Guard and Reserve forces is an important part of my job. The Bottom-up Review established a DoD force structure capable of fighting and winning two nearly simultaneous Major Regional Conflicts (MRCs) and conducting a wide range of other military operations. The Department is always looking at ways to adjust the force structure and the use of Guard and Reserve forces, to meet these threats more effectively and at lower cost. I intend to continue to participate fully in these reviews and to advise the Secretary on how Guard and Reserve forces can be helpful.

Goal 2: Promote Readiness of the Reserve Forces

I continue to focus on the readiness of the Reserve forces. In seeking innovative ways to man, train and equip RC units, I am guided by the concept of "mission readiness." This concept requires that peacetime resourcing -- for personnel, for training, for equipment and facilities -- be adequate to ensure that units can reach deployment standards in time to meet their most stringent contingency. This approach allows differing levels of readiness resourcing in peacetime, based on the time available to bring a Reserve unit to full mission readiness.

1. Promoting RC Personnel Readiness

Support continues to be provided to people affected by the RC downsizing. We have worked diligently to reduce the hardships associated with force structure changes, by providing transition benefits to those forced out of the Selected Reserve. As shown in TABLE 1, the drawdown of the Reserve Forces to achieve BUR target levels is now over 80 percent complete. Today, the Selected Reserve comprise a higher percentage of the Total Force than during the Cold War. The Department will continue to use the full range of Guard and Reserve transition initiatives to provide fair treatment of Selected Reservists who will be involuntarily separated.

TABLE 1 : End Strengths of the RC

	FY 1989 (Actual)	FY 1995 (Actual)	FY 1997 (Budget)
Army National Guard	456,960	374,930	366,758
Army Reserve	319,244	241,300	214,925
Naval Reserve	151,505	100,597	95,941
Marine Corps Reserve	43,576	40,933	42,000
Air National Guard	116,061	109,825	108,018
Air Force Reserve	83,214	78,267	73,281
Coast Guard Reserve	12,042	7,340	8,000
Total	1,182,602	953,192	908,923

Improving the effectiveness of recruiting and retention programs is particularly important now. The perceptions caused by downsizing, reduced budgets, and the inactivation of local units all contribute to a public impression that the Reserve forces are no longer hiring. With the completion of the active force drawdown in FY 98, fewer prior service personnel will be available to enter the Selected Reserve. This will increase the need to expand non-prior service recruiting and intensify retention efforts. To address these concerns, I formed an RC Recruiting & Retention Task Force to analyze the current programs supporting recruiting and retention, and to explore innovative ways to maintain National Guard and Reserve strength.

Ensuring adequate Full-Time Support is critical to unit readiness. The full-time support people perform the training, administration, and maintenance functions, and so maximize the training time available to reservists during weekend and annual training periods. Recognizing that all four categories of full-time support -- Active Guard and Reserve personnel, military technicians, active component personnel, and civil service employees -- will continue to decrease through the drawdown, my number one priority for full-time support is to ensure the right mix, placement and use of the full-time support force. In the coming year, I have several objectives:

- to revise Department policy to have a more effectively managed program;
- to review each component's program to assess its effectiveness;
- to better manage and account for military technicians;
- to revise reporting requirements for more effective program evaluation and management.
- to assess readiness impacts that may result from any reductions in full-time support personnel, and assist the components in maintaining the proper mix and use of each of the four categories of full-time support personnel.

Protecting activated reservist students is important for recruiting because 30 percent of our Reservists are college students. USERRA provides civilian job protection for Reservists, but there is no similar college education protection for Reservists. I have worked to get voluntary support from colleges and universities to ensure that student-reservists are treated fairly; so they receive partial course credit for completed course work or a refund of tuition and fees for that portion of the course they cannot complete; so they have the right to return to their educational institution without prejudice. I'm pleased to report to you that we have been successful in gaining cooperation and voluntary support from the education community. New legislation is not needed.

2. Improving RC Training Readiness

Implementing Title XI Initiatives is well on its way toward full completion.

The amendments Congress made to Title XI last year increased emphasis on prioritizing resources for early deploying units. Most initiatives are nearing completion. The Army is moving towards assigning the entire mandated 5,000 AC soldiers to RC units by FY 1997. One obstacle is the active duty officer grade strength caps. If the relief proposed by the Department is granted, then the Army could fully implement Title XI without adversely impacting joint duty assignments, acquisition officer assignments, and deployable unit leadership. I encourage your support for this relief.

Promoting the Medical Fitness and Medical Readiness of RC forces.

Our Reserve medical force plays an important role in the Total Force. We remain committed to maintaining National Guard and Reserve medical force capability at the highest possible level. Our Reserve medical forces have successfully supported not only Operation Desert Storm but also operations in Guantanamo Bay, Haiti and Bosnia. In addition to supporting operational requirements and missions, Reserve medical forces support the military health care mission within the United States, and—while continuing to practice their go-to-war skills—they provide underserved Americans quality health care services.

While being called upon more, our National Guard and Reserve medical force has also been under a great deal of change. Force reductions, reorganizations and mission changes have had a significant impact. This kind of turbulence, coupled with the increased frequency of call-up, continues to challenge our ability to recruit, train and retain a quality medical force. Last year, to address our concerns, we modified several of the incentives we use to recruit critical medical skills, thanks to your support. I would also like to thank you for the recent enactment of the Ready Reserve Income Insurance program. While I will talk more about this program later, I want you to know that this will significantly relieve one of the major concerns expressed by our health care providers.

Providing Reserve forces with a New Medical and Dental Insurance program.

A critical element of readiness is the medical and dental health of the Reserve forces. However, unlike the active force, National Guard and Reserve members rely primarily on health care provided through civilian providers for their medical and dental care needs. Since most of their health care is not provided through the military health care system, we are developing strategies to incorporate all health care information, medical and dental, in each member's health record. The addition of the Selected Reserve dental insurance program will assist National Guard and Reserve members in maintaining their dental readiness. Implementation of the dental insurance program is scheduled for October 1, 1996. It provides for voluntary enrollment and premium sharing between the Department of Defense and the member. A separate contract is being awarded to support this insurance.

Distance Learning initiatives can improve training effectiveness, efficiency, and access, for both individuals and units. A team was formed within DoD by my office to review the status of distance learning usage and potential RC requirements. Our next step is to expand the analysis to Total Force requirements. DoD is also a principal player in a group which promotes sharing of distance learning resources -- the Government Alliance for Training and Education (GATE) -- an organization of agencies across the Federal Government.

3. Promoting Readiness of RC Equipment and Facilities

Implementing my RC equipping strategy is a key step in meeting the equipment and logistics needs of the RC. The goal is to have Reservists equipped with modern, compatible equipment to enable them to do their job side-by-side with the Active components and coalition partners. The strategy calls for identifying all RC equipment requirements, using smart business practices whenever possible to solve equipment shortfalls, and procuring new equipment only when necessary. The strategy seeks to ensure that RC units are equipped to respond to two nearly simultaneous Major Regional Conflicts (MRCs) and peacetime engagement. As part of the RC Equipping Strategy:

- I am taking an in-depth look at the Services' policies and practices for distributing new and used equipment to the RC. I chair semi-annual RC Equipment Execution Reviews to assess progress on Service plans to provide equipment to the RC, and to identify how each Service is providing the resources to properly accomplish planned distribution and redistribution.
- Equally important, I have established the Equipment Working Group (EWG), which I chair, to provide a DoD focus semiannually on the management initiatives directed at reducing ongoing RC equipping issues and to begin to address new ones.

Supporting critical RC real property maintenance needs requires adequate Real Property Maintenance Activity (RPMA) funding. Unfortunately, funds for replacing RC infrastructure are decreasing at the same time the average age of our facilities (and hence repair and maintenance costs) is increasing. This strains our limited RPMA funds and our ability to fully operate safe facilities. The Reserve components Backlog of Maintenance and Repair (BMAR) has grown steadily each year -- despite the relief you provided us in FY 96 -- and is currently over \$1.2B. Although FY 97 RPMA funding is constrained, we are committed to fund requirements driven by urgent situations, health and safety, and environmental laws and regulations.

Investing in Reserve component military construction continues to be affected by many factors. These factors -- downsizing of the Reserve force; realignment among Active, Reserve and Guard components; leasing buyout programs; BRAC-created opportunities for reserve enclaves and joint reserve bases; and privatization and outsourcing efforts -- make it very difficult to see the future. Facilities investment this

year focuses near term on projects that address critical mission needs and/or enhance readiness. Joint use of reserve bases can pool resources and I intend to promote this concept -- not only to save money but also to promote integration and jointness of the Reserve components into the Total Force.

DoD is committed to meeting environmental challenges at sites used by the RC , as well as by the active forces. We have identified 3,704 sites currently used by the RC that require cleanup. The Services have estimated the cost of cleanup at about \$1.3B, and plan to achieve full compliance at these sites in ten years. To keep costs down, the RCs have developed one of the best, most comprehensive environmental training and awareness programs in the Department. The many environmental awards that the Guard and Reserve received in the last year speak to the excellence of these programs.

The Army's Reserve Component Automation System (RCAS) has been restructured to meet fiscal constraints and changed requirements. I want to thank you for your continued strong support of RCAS. I believe the restructured program will meet the long-standing need for a modern, yet affordable system, able to exchange data with DoD and Army systems as well as support day-to-day decision-making needs required to have Army National Guard and Reserve ready to mobilize. The Chief of the National Guard Bureau, with the Army's support, is currently seeking Milestone III approval to begin fielding the new RCAS architecture later this Fall.

Goal 3: Promote Further Integration and Jointness of the Reserve Components in the Total Force

To make full use of the Reserve components, we must increase the RCs capability to perform successfully in a joint environment as fully integrated partners in the Total Force. This means anticipating and acting on opportunities to increase the Reserve components' experience and capability to work effectively with their active force counterparts in a joint environment. To accomplish this, we will be looking into the benefits of maximizing joint use of facilities. We will also be exploring ways to best employ RC units in long-term peacetime missions, expand opportunities for joint training, and promote new opportunities for RC integration with the CINCs.

As Reserve component officers occupy an increasing number of positions in joint organizations and are called upon ever more frequently to support operational missions, the time has come to develop a personnel management policy that will put them on a more equal footing with their active component counterparts. Toward that end, we have developed an initiative to identify ways to promote Reserve component officer readiness for those assigned joint responsibilities. With other Defense agencies, the Joint Staff, and the Services, we plan to develop policies and the framework for a Reserve component joint officer management program in FY-97.

Goal 4: Improve Reserve Component Quality of Life to Support a Ready Force

The primary quality of life issues for reservists and their families are centered around four areas: protection against economic loss; quality of participation; family readiness and support; and employer support.

In the area of providing protection against economic loss, I want to thank you for two recent changes to the law that provide support mechanisms to protect and assist Reserve component members: the enactment of the Uniformed Services Employment and Reemployment Rights Act, and the Ready Reserve Income Insurance Program. Both of these legislative actions help provide the economic safety net that is critical to the men and women of the Guard and Reserve.

An important part of quality participation is ensuring our members are provided with adequate incentives for their service in the Reserve forces. This not only includes adequate pay and allowances, but also other incentive programs.

Last year we issued a DoD Directive providing for the first time, policy guidance on Reserve component incentives. An accompanying DoD Instruction that provides implementation procedures will be issued soon. These two DoD publications, in conjunction with the DoD Financial Management Regulation, will combine to provide comprehensive guidance on all Reserve component incentives and will form the framework for the effective utilization of these incentives.

Another important incentive tool is the Montgomery GI Bill-Selected Reserve. During FY-95, more than 97,000 individuals participated in the Selected Reserve Educational Assistance Program. Since the program started, there have been 378,000 National Guardsmen and Reservists who have applied for educational assistance. This high level of overall participation is evidence of its effectiveness as a recruiting and retention incentive for the Reserve components. As shown in Table 2, nearly 38 percent of all members eligible for educational assistance through the end of FY-95 had actually applied for educational benefits.

Furthermore, studies conducted by the Sixth Quadrennial Review of Military Compensation and the Rand Corporation indicate that the Montgomery GI Bill-Selected Reserve continues to be one of the most important recruiting and retention incentives for the Reserve components, especially for the first six years of a Reservist's military affiliation.

TABLE 2

Montgomery GI Bill-Selected Reserve
Percentage of Applicants to Eligibles

<u>Reserve component</u>	<u>Applicants*</u>	<u>Eligibles**</u>	<u>Percentage of Participation</u>
Army National Guard	70,255	189,914	37.0 %
Army Reserve	39,287	87,636	44.8 %
Naval Reserve	13,856	38,842	35.7 %
Marine Corps Reserve	13,608	23,871	57.0 %
Air National Guard	26,973	75,038	35.9 %
Air Force Reserve	15,121	57,477	26.3 %
<u>Coast Guard Reserve</u>	<u>1,477</u>	<u>3,894</u>	<u>38.0 %</u>
Total	180,577	476,672	37.9 %

* Applicants who are currently eligible

** Number of current and former Selected Reservists who retain eligibility

Finally, the Reserve Officer Personnel Management Act (ROPMA) will provide a comprehensive management system for approximately one-quarter million officers not on the active duty list. It will also give the Reserve components the needed flexibility to manage their Reserve officer force while simultaneously providing visible career progression opportunities to the individual Reserve officer. We are now in the process of incorporating the ROPMA provisions into DoD publications which will serve as the basis for full implementation of ROPMA by October 1, 1996.

Our efforts in family readiness and support are designed to ensure mechanisms are in place to support Reserve families across the spectrum of Reserve service, from week-end training to mobilization. Our DoD Instruction on "Family Readiness in the National Guard and Reserve Components" has formalized Service policies and procedures to ensure National Guard and Reserve members, and their families, are prepared and adequately served by the family care systems and organizations of the Services for the uncertainties and stresses incident to military service. Additionally, we are studying the feasibility of conducting a test of weekend child care for drilling reserve members and have requested authority to run a regionalized test of unlimited commissary benefits for reserve members.

We are committed to providing assistance to reservists and their employers through the National Committee for Employer Support of the Guard and Reserve (NCESGR). NCESGR operates a volunteer outreach program to generate nationwide employer support for the Nation's Reserve forces on behalf of the Secretary of Defense. NCESGR's strategy of "Strength in Partnership" stresses the importance of the interrelationship among employers, their Reservist employees, and the military chain of

command. It builds on the success of past outreach programs in concert with new programs to increase understanding of, and appreciation for, the needs and concerns of all involved in the partnership.

Programs such as the Employer Action Council (EAC) build on this strategy. The EAC brings together business leaders and key members of the state committees to discuss employers' concerns about Reserve military service. These concerns are forwarded to DoD so that individuals who formulate and implement Reserve policies are sensitive to the current corporate environment and needs of employers.

Now, more than ever, as the Nation's reliance on the Reserve components continues to increase, NCESGR's aggressive programs are an invaluable asset to the Reserve forces. We believe NCESGR's positive approach will prevent potential problems and build strong relationships among employers, reservists, and DoD so that all understand and support each other.

Conclusion

Let me assure you that this Administration views a mission-ready National Guard and Reserve as an essential part of our post-cold War strategy. As a result, reservists will play an expanded role in war, and also be more engaged in these turbulent times of peace. While we ask our people to do more, we must never lose sight of the need to balance a Reservist's commitment to country with his or her commitment to family and their civilian employer.

We have covered much ground in the last few years, and the future promises to be equally challenging. I commit to you that I will do all in my power to support and protect Reserve component people and their families, and to work hard to ensure that the National Guard and Reserve is a well trained, mission ready and accessible force capable of taking on missions overseas and here at home.

Thank you for the opportunity to testify today on behalf of the finest National Guard and Reserve military forces in the world.

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ADDENDUM TO STATEMENT

SUBJECT: Reserve Forces Revitalization Act of 1995, H.R. 1646

I appreciate the opportunity to submit my comments for the record on the February 13, 1996 version of H.R. 1646. The following comments address the issues identified by the Military Personnel Subcommittee.

General:

It is difficult to establish a comprehensive Department position on a Bill that has undergone so many changes in such a short period of time. Pending modifications to important provisions of the Bill were provided for the Department's review last week. Given the frequency and extent of informal modifications to the original H.R. 1646, it is important that the Department be provided an opportunity to thoroughly assess the implications of the various provisions, once revised legislation is actually introduced.

The fact that this Bill focuses on the organization, management and sustainment of the Reserve components, at a time when increased reliance on Reserve forces for peacetime operational support is becoming an essential part of Department planning, makes this an important piece of pending legislation. There are clearly provisions that are intended to enhance the status of the Reserve components within the Total Force and the ability of the Reserve leadership to more effectively represent the needs and capabilities of their Reserve forces. At the same time, there are provisions of the Bill, that could potentially create barriers to more effective integration of Reserve and Active forces. These provisions require modification before the Department could accept the Bill in its entirety.

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Organizational (Sections 201-208)

ISSUE: Evaluate the rationale for the statutory establishment of a separate Army, Navy, Air Force and US Marine Corps reserve commands.

- DoD supports the modifications outlined in the official DoD General Counsel response to Congress, dated February 27. These modifications are intended to provide greater flexibility in the proposed legislation and to ensure consistency with existing statutory authorities. The statutory establishment of separate Army, Navy, Air Force and Marine Corps reserve commands supports the increased role and importance of Reserve forces within the Total Force. It would institutionalize the Reserve Chief's direct control over most reserve forces until they are mobilized. In actual effect, we would see little direct change to the way we are doing business today.

ISSUE: Evaluate the requirement that the commander of each of the service's separate reserve commands report directly to the service's chief, as well as the rationale for and implications of the assignment of some or all (depending on the Service) non-mobilized reserve forces to the service's reserve command.

- As the Chief of the Reserve Force, the Chief of each of the Reserve components already reports directly to the respective Service Chief. This bill would not change that relationship. It should be noted that the Commander of the Army Reserve does not report directly to the Chief of Staff of the Army. I would support the Joint Staff concerns that the provisions of the draft bill regarding the assignment of forces be consistent with Department efforts to clarify command authority for Reserve component forces. I would agree that it is essential for combatant commanders to be directly involved in establishing training standards and in evaluating the readiness of Reserve forces, and that Reserve component forces currently assigned to combatant commands remain so assigned. I would also note that Reserve

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component units face some unique challenges not faced by active forces, such as limited training times, geographical dispersion, and civilian employer-employee conflicts. Peacetime management by Reserve commanders who understand these unique challenges is as important as training and readiness oversight by combatant commanders who need visibility and influence over Reserve forces that will be operating in their areas of responsibility.

ISSUE: Assess the proposed increases in numbers and rank/grade of general and flag officers required for the headquarters of the separate reserve commands, and for the headquarters, National Guard Bureau. In addition, assess the rationale for the increase in the number of US Marine Corps Reserve general officers from 10 to 16.

- Although it is difficult to support proposed grade increases during a downsizing of the force, I believe that the numbers and grades of general and flag officers supporting the Reserve command establishment may need to be reviewed on the basis of the relative size of the Reserve force within the Total Force and the increased responsibilities inherent in the missions being assigned to that force. Reserve forces are no longer "follow on" forces. They are now an integral element in nearly all military operations--peacetime, wartime, contingency operations, and operations other than war.
- The provision to increase the number of Marine Corps Reserve general officer billets from 10 to 16 reflects the growing emphasis on more effective joint planning and joint operations. I am advised that the need to provide Reserve expertise and perspectives on the capabilities, roles and missions of Reserve forces in the joint arena has led to an increase in the requirements for Reserve general and flag officers to serve on the staffs of combatant commanders.

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ISSUE: Review the justification for and implications of the proposed exemption of general/flag officer positions from statutory active duty grade ceilings.

In its 1992 Evaluation of Reserve General and Flag Officer Positions, the Hay Group concluded that counting Reserve general and flag officers against the active duty ceilings imposed by sections 525 and 526 of title 10 United States Code, has the potential to set up a competition between the active force and the reserve force for the limited general and flag officer authorizations. Hay concluded that a separate ceiling or separate management of the full-time reserve general and flag officer billets within the active duty allocation would provide for a better management process, and would ensure proper emphasis of management on the key issue of delivering a ready reserve. The Department chose to make no recommendations at the time that it submitted the Hay Study to Congress, nor has any subsequent action been taken to implement any of the Study's findings.

ISSUE: Assess the expanded responsibilities of each service's chief/commander of the reserve, including the new responsibility to make preparation, justification and execution of the reserve procurement program a principal duty.

- The budget and appropriations management responsibilities as specified in this Bill are for the most part inherent in the duties and functions of the Reserve Chiefs and do not represent an expansion of those responsibilities. The proposed language would serve to formalize these responsibilities in law. One exception to the above comments and an area of concern is the assignment of responsibility to the Chiefs of the Reserve components for preparation, justification and execution of procurement appropriation budgets. There are currently no separate Reserve component investment/procurement appropriations. The creation of a separate Reserve component procurement responsibility would duplicate current efforts,

create additional staff overhead, and result in higher procurement costs. The additional administrative burden would not ensure additional procurement funding. In fact, it could jeopardize existing processes which allow Reserve component modernization requirements to be managed as a part of larger Service initiatives, making it easier to accommodate small pricing adjustments. The proposal, if adopted, does not include the two National Guard components which would create serious inconsistencies in procurement appropriations. I am concerned that this provision would result in a less efficient procurement process and one that is less effective in considering procurement decisions as an investment in the Total Force.

Mission and Accessibility (Section 301)

ISSUE: Review the need for the proposed new authority and procedures permitting the President to involuntarily recall reserve component units and individuals to respond to natural disasters.

- The National Guard continues to provide the first line of defense to support local authorities responding to domestic emergencies. The regional compacts being ratified by State legislatures facilitate emergency response by Guard assets across State lines. We are also improving the process for using Reserves in support of domestic emergencies. In FY 1995, over 400 Army Reserve soldiers supported seven domestic disaster operations contributing more than 12,000 mandays. In recent years, Reservists been used in various natural disasters, to include Hurricanes Andrew and Iniki, the Midwest Floods and the Northwest Fires. Reserve officers serve as emergency preparedness liaison officers to FEMA. Automated databases can identify Reserve units located in the vicinity of local disasters. Regulations provide for loaning Reserve equipment to Guard forces for disaster relief. The activation of Reserve forces in support of disaster relief is already provided for in law, either as volunteers

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or, if necessary, under a declaration of national emergency. What is needed is not so much a change to the law, but an improved process that ensures more effective State support and, when needed, adequate and timely Federal assistance. This has been the core of our effort over the last several years and will continue to be the focus for the future.

ISSUE: Assess the proposed change in reserve activation authority that restricts the President's partial mobilization authority to involuntarily recall reserve units and personnel to situations when the President determines that augmentation of the active forces is necessary. Current law permits the President to invoke partial mobilization "in time of national emergency declared by the President," without regard to a determination of a need to augment the active forces.

- We have worked very hard to ensure the full understanding and acceptance of Reserve component capabilities and the premise that Reserve components are now fully accessible. Reliance on the President's Selected Reserve Callup authority, under section 12304 of title 10 United States Code, has evolved into an essential element in the planning for virtually any operational contingency. I am concerned that the new reporting requirements and limitations on Reserve activation could prove administratively burdensome and could potentially hinder flexible decision-making. This could have the unintended affect, either real or perceived, of limiting Reserve component accessibility. I can understand the intent but am concerned about legislating requirements such as 48 hour notification before activating Reserves; limitations on activating Reserves more than once in any 24 month period; and mandatory deactivation of Reserve personnel whenever active personnel are available to perform the mission. The Department recognizes the need to protect our Reservists from burnout and overuse. The Services have made a concerted effort not to call the same members or units

repeatedly for either peacetime support or contingency operations. For example, the Reserve units that were called up for Bosnia were not the same units that were called for Haiti.

ISSUE: Evaluate the implications of the proposed requirement that the President provide Congress 48-hours prior notice of the proposed exercise of the reserve-recall authority, a description of the anticipated use of the reserves, and the anticipated length of service.

- We need to ensure that we do not legislate requirements that would tend to limit the use of Reserve component forces due to additional reporting, monitoring, timing, or other restrictive requirements. Limitations or restrictions on the President's use of his authority to call-up Reserves would have the effect of making those forces appear to be a less viable and responsive asset. Similarly, I can see little benefit from imposing additional reporting requirements beyond those required in law today. The creation of added administrative tasks or burdens could adversely influence the willingness of force planners and operators to rely on Reserve forces.

Resourcing (Sections 401-403)

ISSUE: Evaluate the proposed limitation on the Secretary of Defense that any funds in a reserve component appropriation may be transferred to an active component account only when specifically authorized by law.

- My concern is that this provision would restrict the flexibility of the Secretary of Defense and the Secretaries of the Services to manage their resources most effectively in support of the Total Force. Requests to reprogram between appropriation accounts already requires congressional approval. Requiring legislation would make for a much less expedient process.

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ISSUE: Assess the desirability of the proposed annual report to Congress that would detail reserve component resource shortfalls.

- The Services already conduct extensive reviews of all personnel, operations and maintenance and construction requirements and programs as part of the planning, programming and budgeting process. These programs, to include shortfalls, are addressed in current annual reports to Congress, which could be modified if necessary. Such reports include the Secretary of Defense Annual Report to Congress, the National Guard and Reserve Equipment Report to Congress, the Reserve Forces Policy Board Annual Report, the Force Readiness Assessment and the Joint Military Net Assessment, to list a few. I think we should consider modifying current reporting requirements in lieu of establishing additional report requirements in law.

Sustainment (Sections 501-508):

ISSUE: Assess the desirability and cost of the several proposed sustainment initiatives including revised transient housing allowances, and a local community and military personnel mutual benefits program.

- The proposed revision to title 37, United States Code, to authorize reimbursement of transient housing charges for members performing active duty for training, is already provided in a recurring provision of the annual DoD Appropriations Act. It also is consistent with long-standing Service practice of providing cost-efficient accommodations for Reservists who perform training outside a reasonable commuting distance. We would support making this authority permanent law.
- Although the concept of section 506 of the bill, concerning the establishment of a local community and military personnel mutual benefits program to provide price discounts for

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members of the armed forces, has some interesting aspects, I have been advised by DoD General Counsel about the potential for conflicts of interest. Specifically, the provisions of the draft legislation may be contrary to existing statutes governing ethics in government. Soliciting or leveraging merchants to provide discounts for military members would create the appearance of Department endorsements of merchants who agree to participate in the benefits program over those businesses that do not participate. This, in turn, could lead to the perception that the Department is awarding certain government contracts on the basis of the discounts provided by businesses that choose to participate in the program--a clear violation of procurement laws and regulations.

ISSUE: Evaluate the requirement for and potential cost of the proposed requirement that there be no distinction between active duty personnel and reserve component members (and their dependents) serving on active duty in pay, benefits, eligibility for medical care, or any other benefit if such distinction is based simply on length of active duty service.

- Today, the compensation and benefit structure for reserve component members is not strictly dependent upon the length of active duty service, nor should it be. We must continue to ensure that it is also based on duty status, mission and other factors. The full impact of a blanket policy change, such as that effected by this bill, on the overall system of benefits is difficult to assess. Each specific change, that is intended to provide greater parity of benefits, needs to consider the member's contribution (e.g., support for a contingency operation), the equity provided by the change, the capability of the military system to support the change, and the cost of the change.
- For example: The proposed provision would presumably reverse a previous decision to eliminate entitlement to Variable Housing Allowance for Reserves on short term reserve

service. Providing an entitlement to VHA for all Reserve members on active duty for less than 140 days would achieve parity with regular active duty members, but would not be consistent with the intent of VHA and could generate an annual cost of more than \$200 million. A second example: The provision would also entitle the family members of Reservists called for active duty for just one day to the full range of medical and dental benefits provided by the military healthcare system. The cost and administration of such a change could well be unmanageable. A third example: Parity could work to the disadvantage of the Reserve components. Reserve are compensated for inactive duty training on the basis of 1/30 of basic pay, which serves as an incentive for qualified personnel to enter and remain in the Reserve components, and encourages them to maintain and improve their military skills through regular training. The parity provision of the draft legislation could result in a reserve compensation system that is less fair and less reasonable in considering the part-time nature of reserve duty. These are only a few examples of potential problem areas.

Alternative to Section 301 (Draft dated February 29, 1996)

My concern with these alternative provisions is that they may require revisiting the Army Offsite Agreement which was an unprecedented collaborative effort by the senior leaders of the Army, active and reserve components, and supporting organizations. This overall restructuring plan has provided the basis for overall reductions, assignment of missions and force structure for the Army. The new Section 209 may overemphasize state and domestic requirements in making force structure decisions. Any major restructuring between the National Guard and Reserve must consider full-time support, equipment, and other resource implications.

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STATEMENT OF
REAR ADMIRAL THOMAS F. HALL, U.S. NAVY
CHIEF OF NAVAL RESERVE
BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
OF THE HOUSE NATIONAL SECURITY COMMITTEE
ON
THE RESERVE REVITALIZATION ACT - H.R. 1646
21 MARCH 1996

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
NATIONAL SECURITY COMMITTEE

Rear Admiral Thomas F. Hall, USN

Commander, Naval Reserve Force
Chief of Naval Reserve
Director of Naval Reserve

A native of Barnsdall, Oklahoma, Rear Admiral Hall graduated from the U.S. Naval Academy in 1963 and was designated a Naval Aviator in 1964. He holds a Master of Science degree in Public Personnel Management from George Washington University and is a distinguished graduate of the Naval War College and the National War College. He was selected for flag rank in 1987 and in August of 1991 was promoted to Rear Admiral (Upper Half).

His initial fleet assignment was with Patrol Squadron EIGHT, the first squadron to operate the P-3 Orion, and the first East Coast P-3 squadron to deploy to Southeast Asia. In 1968 Rear Admiral Hall returned to the U.S. Naval Academy and served as a Company Officer and Executive Assistant to the Commandant of Midshipmen. In 1972 Rear Admiral Hall reported to Patrol Squadron TWENTY-THREE where his duties included Training Officer and Officer in Charge of UNITAS XIV Air Detachment.

Following a tour at the Naval War College as a student in the Command and Staff course, Rear Admiral Hall reported to the Bureau of Naval Personnel. While in the bureau, his billets included Aviation Training Command Placement Officer, Aviation Staffs Placement Officer, Head of Air Combat Placement, and Assistant Head of Aviation Junior Officer Assignment.

Rear Admiral Hall reported to Patrol Squadron EIGHT in 1978 as Executive Officer and assumed the duties of Commanding Officer in March 1979. During this tour, the "Tigers" deployed to Rota-Lajes (Spain) where it was awarded the Meritorious Unit Commendation for deployed operations. He then entered the one year course of instruction at the National War College. He subsequently joined the staff of the Chief of Naval Operations where he served as Head of the Program Objective Memorandum (POM) Development section.

Rear Admiral Hall served as the Chief of Staff for Commander, Fleet Air, Keflavik/Iceland ASW Sector from June 1982 to June 1985. From August 1985 to July 1987, he served as the Commander, Naval Air Station Bermuda and Commander, Bermuda ASW Sector. Following his assignment in Bermuda, Rear Admiral Hall served as a member of the Chief of Naval Operations Strategic Studies Group (SSG). In September he assumed the duties of Deputy Director of the Naval Reserve in the Pentagon. In May 1989, Rear Admiral Hall became the 22nd Commander, Iceland Defense Force, based in Keflavik. Additional duties included Island Commander, Iceland; Commander, Fleet Air, Keflavik; and Commander, Iceland Sector Antisubmarine Warfare Group. Rear Admiral Hall assumed his present duties as Commander, Naval Reserve Force, Chief of Naval Reserve and Director of Naval Reserve on 12 September 1992.

Among his awards are the Defense Superior Service Medal, Legion of Merit (two awards), Meritorious Service Medal, Meritorious Unit Commendation and various unit and campaign awards. In July 1992, Rear Admiral Hall was awarded the Icelandic Order of the Falcon, Commander's Cross with star, by the President of Iceland.

Rear Admiral Hall is married to the former Barbara Ann Norman of Jacksonville, Florida. They have one son, Thomas David.

**1996 POSTURE STATEMENT
REAR ADMIRAL THOMAS F. HALL, U.S. NAVY
CHIEF OF NAVAL RESERVE**

On any given day, approximately 25% of the Navy is forward deployed, and 50% of our ships are at sea. These operations, as well as over 2,200 Active shore commands, rely increasingly on Naval Reservists to help fulfill their missions. The use of Naval Reservists represents sound utilization of a national resource and acknowledges the wealth of experience and commitment resident in the Naval Reserve. As the Navy has downsized, and reliance on the Naval Reserve has increased, it has become an inextricable part of Naval presence. To be successful, force structure and operating standards have to accommodate this relationship. Identical training, integrated equipment, and compatible platforms are the standards for the Naval Reserve Force. These standards, founded in the Total Force Policy, have seamlessly integrated the Navy.

A properly structured, trained, and equipped Reserve Force is able to provide valuable, cost-effective Contributory Support to the Fleet while, simultaneously, maintaining mobilization readiness for rapid call-up for crisis response anywhere in the world. In Fiscal Years 1994 and 1995, Reservists provided 1.3 and 1.7-million mandays, respectively, of Contributory Support to the Active forces. This will increase again this year, and mobilization readiness will be maintained. By capitalizing on opportunities during any period of Contributory Support to complete or maintain mobilization requirements, the Naval Reserve is achieving unprecedented levels of support to the Fleet while maintaining the highest levels of mobilization readiness. Maximizing support to the Fleet, while also maintaining readiness, has become our focus and benchmark. This was evident in the Roles and Missions Study of the Naval Reserve and in our ongoing review of appropriate expanded Roles and Missions.

In 1994, the Honorable Deborah Lee, Assistant Secretary of Defense for Reserve Affairs, chaired the Congressionally-mandated Roles and Missions Study, "The Future Naval Reserve," reviewing the status of the Reserve Force. Fourteen recommendations on new responsibilities for the Force came out of the study, ten of which have been implemented. Recognizing the benefits and potential of this process, we have continued to investigate and pursue additional initiatives to maximize Contributory Support opportunities and further the seamless integration of the Naval Reserve. The following is a review of the status of those recommendations and initiatives.

ROLES AND MISSIONS STUDY RECOMMENDATIONS

- NAVAL RESERVISTS WILL MAKE UP THE REPAIR DEPARTMENTS AND SUPPORT THE MEDICAL, DENTAL, SUPPLY, AND COMMUNICATIONS DEPARTMENTS OF TWO CATEGORY B (READY RESERVE FORCE) TENDERS (REPAIR SHIPS), IF AND WHEN THE SHIPS ARE MOBILIZED TO PROVIDE BATTLE DAMAGE ASSISTANCE IN THEATER OR ALONG U.S. COASTS AS NEEDED TO SUPPORT TWO MAJOR REGIONAL CONFLICT SCENARIOS.
 - STATUS: Over 1,800 Selective Reservists (SELRES) have already been detailed to fulfill this recommendation. The Repair Department Selected Reservists will receive their training at several existing Shore Intermediate Maintenance Activities or aboard Active Force Tenders. The Medical, Dental, Supply (less food service) and Communications Department Selected Reservists will train aboard Active Force Tenders, at SIMAs and at Medical/Dental Treatment Facilities.
- IMPROVE THE NAVAL RESERVE'S INTRA-THEATER AIRLIFT CAPABILITY THROUGH IMPROVEMENT OF THE C-9B AIRCRAFT.
 - STATUS: The C-9B is approaching obsolescence for avionics, and will require new engines to meet world-wide noise reduction requirements. These updates and replacements will be required within five years and will be expensive. The average aircraft age is 20 years with the oldest aircraft at 28 years. The structural service life is projected to be 38 years (corrosion dependent). Some upgrades are funded, and plans for replacement aircraft or major modifications are being considered.
- INCREASE THE NAVAL RESERVE'S PARTICIPATION AND CAPABILITY IN SURFACE MINE COUNTERMEASURES.
 - STATUS: AVENGER (MCM-1) and DEFENDER (MCM-2), the first two of four mine countermeasure ships have transferred to the NRF. SENTRY (MCM-3) and CHAMPION (MCM-4) will transfer this year. Coastal mine hunter HERON (MHC-52) transferred to the NRF in July 1995. The INCHON (MCS-12) has also joined the Naval Reserve. Mine countermeasures will continue to be a significant area for Reserve contribution.
- COMPLETELY INTEGRATE THE ACTIVE AND RESERVE AIR MINE COUNTERMEASURES.
 - STATUS: Integration of HM 15 (Active) and HM 19 (Reserve) has been completed. The new integrated squadron, HM 15, will relocate to Corpus Christi in spring-summer 1996. In Norfolk, integration of HM 14 (Active) and HM 18

(Reserve) was completed in March 1995. Each squadron has twelve aircraft, six provided by the Active component and six provided by the Reserve component. Command of these squadrons will rotate between Regular Navy officers, for two consecutive command tours, and a Naval Reserve officer, either a Selected Reservist or a Full-time Support (TAR) officer, every third tour.

- INCREASE THE NAVAL RESERVE'S CAPABILITY AND PARTICIPATION IN AIRBORNE ELECTRONIC WARFARE.
 - STATUS: Two enlisted maintenance augmentation units to support the two Active force squadrons are funded and being formed.
- USE OF THE SEABEES IN SUPPORT OF THE ARMY FOR CHEMICAL AND BIOLOGICAL WARFARE DECONTAMINATION AS IT RELATES TO OPERATIONS IN LITTORALS.
 - STATUS: This concept has been adopted, and the overall timetable for funding, logistics and equipment transfer, and training is being developed. Two Selected Reserve units have been established to augment Active support of this mission.
- INCREASE THE NAVAL RESERVE'S CAPABILITY AND PARTICIPATION IN INTEGRATED UNDERSEA SURVEILLANCE SYSTEMS.
 - STATUS: A three-fold increase in Selected Reserve end strength has been dedicated toward increased participation in this mission. Reservists have been assigned to sites in Dam Neck, VA, and Whidbey Island, WA. This is an ideal mission for the Naval Reserve.
- INCREASE THE NAVAL RESERVE'S ROLE AS THE ADVERSARY FLEET TRAINING READINESS GROUP.
 - STATUS: The Naval Reserve now provides 100% of the adversary training for the fleet through VFC 12 at Naval Air Station Oceana, VA, VFC 13 at Naval Air Station Fallon, NV, and three additional Reserve squadrons from Reserve Carrier Air Wing 20. These five squadrons will fly 15,000 required hours each year in support of this mission. VFC 13 has replaced its 12 F/A-18 aircraft with 25 F-5 aircraft to accomplish this mission.
- INCREASE THE NAVAL RESERVE'S CONTRIBUTION AS ADVERSARY FLEET TRAINING READINESS GROUP TO THE FLEET INFORMATION WARFARE COMMAND.
 - STATUS: The Naval Reserve provides EP-3J aircraft (2,000 hours/year) and EA-6B aircraft (400 hours/year) in support of Fleet Information

Warfare Command as Command and Control Warfare Group Opposition Forces in anti-air electronic warfare.

- **PROVIDE INCREASED AIRBORNE EARLY WARNING CAPABILITY IN THE COUNTERDRUG MISSION.**
 - **STATUS:** On 1 OCT 95, VAW 77 (Reserve) was established at Naval Air Station Atlanta, GA, and will assume the counter-narcotics (CN) mission of VAW 122 (Active) upon its disestablishment in March 1996. VAW 77 will conduct counter narcotics operations, normally two 60-day periods, in support of CN operations in the Caribbean. VAW 77 will have its first drug deployment in the summer of 1996.
- **CREATE A POOL OF U.S.-BASED AVIATORS TO ENHANCE FLEET DEPLOYED SQUADRONS AT THE OUTSET OF A MAJOR REGIONAL CONFLICT.**
 - **STATUS:** Two F/A-18 Fleet Replacement Squadron (FRS) augment units have been established, manned with twelve pilots and 60 enlisted personnel. The units are designed to provide increased through-put of personnel through the training squadrons, in peacetime and in war, to assume the instructor and aircrew responsibilities vacated by the Active personnel as they forward deploy.

NEW INITIATIVES BEYOND ASD(RA) NAVAL RESERVE ROLES AND MISSIONS STUDY

- **THE NAVAL RESERVE WILL SUPPORT AN AMPHIBIOUS ENHANCEMENT PLAN TO PROVIDE THE VEHICLE LIFT CAPABILITY FOR 2.5 MARINE EXPEDITIONARY BRIGADES.**
 - **STATUS:** In support of amphibious lift requirements, two Tank Landing Ships (LST) have been transferred to the Naval Reserve Force (NRF) and homeported in Pearl Harbor, HI, and Little Creek, VA. Additionally, four LSTs have been placed in a Reduced Operating Status (ROS), each supported by a Naval Reserve augment unit to support the reactivation of the ship. Also, a total of five Amphibious Cargo Ships (LKA) have been placed in ROS status, with Reserve augment units. Approximately 700 Selected Reservists are part of this plan.
- **EXPAND LOGISTICS CAPABILITIES WITH ADDITIONAL RESERVE C-20 AND C-130 AIRCRAFT CULMINATING IN TWO C-20 DETACHMENTS AND FOUR C-130 SQUADRONS.**
 - **STATUS:** A C-20 squadron has been established at Naval Air Facility Washington, DC, with a detachment at Barbers Point, HI. Last year, they

provided 2,600 flight hours of high speed medium lift. Our four C-130 squadrons flew 10,000 flight hours for outsized heavy cargo lift, providing year-around C-130 support in the Mediterranean and one-half year support in the Western Pacific.

- THE NAVAL RESERVE WILL MAINTAIN AN OPERATIONAL CARRIER FOR TRAINING AND SURGE CAPABILITIES.
 - STATUS: USS JOHN F. KENNEDY (CV-67) became an Operational Reserve Carrier (ORC) in October 1995. This Carrier will deploy on six-month Mediterranean cruises as a "gap-filler" in FY97 in the CV/CVN deployment rotation schedule. Additionally, this Carrier will be used for training and will provide the necessary surge capability, with Active or Reserve Airwings, in the event of crisis response. JFK will regularly participate in routine Fleet exercises, carrier qualifications (CQ), and battle group training.
- INCREASE THE OPPORTUNITIES FOR SELECTED RESERVISTS, LIVING IN OTHER COUNTRIES, TO PARTICIPATE IN THE OUTCONUS DRILLING PROGRAM.
 - STATUS: Initiated in OCT 94, this program permits Selected Reservists residing overseas to provide contributory support to the OUTCONUS commands to which they would mobilize. Approximately 91 Selected Reservists are participating in this program with continued growth expected.
- INCREASE NAVAL RESERVE PARTICIPATION IN COASTAL WARFARE.
 - STATUS: With the continuing focus on littoral warfare, the Naval Reserve is structuring units to provide port security and harbor mine countermeasure operations at forward locations. 435 Selected Reservists have been assigned to these units.
- UTILIZING THE NAVAL RESERVE MODEL, INCREASE THE ROLE OF THE CENTRALIZED CREDENTIALING AND PRIVILEGING ACTIVITY (CCPA).
 - STATUS: CCPA in Jacksonville is a central repository of credentialing, documentation and the sole authority for credentialing Naval Reserve health care practitioners (physicians, dentists and nurse practitioners). The CCPA concept has become so successful it is being converted into a combined Active and Reserve databank, and the Army has decided to adopt the Navy model in late FY97.

- INCREASE NAVAL RESERVE PARTICIPATION IN THE HELICOPTER RANGE SUPPORT MISSION.
 - STATUS: Upon decommissioning of two Active HC squadrons, HC 85 assumed all of the torpedo targeting and recovery responsibilities for the Southern California Operating Area. In its first year of operation, HC 85 flew over 2,400 hours of contributory support for Commander, Third Fleet at the Southern California Offshore Range. On the East coast, HS 75 also provides numerous detachments in support of CV operations in the Atlantic Area of Responsibility (AOR).
- INCREASE THE NAVAL RESERVE'S PARTICIPATION IN SEALIFT CAPABILITIES.
 - STATUS: The Naval Reserve has filled the requirement which addresses a shortfall in the combat logistics arena for strategic sealift capabilities. Naval Reservists are training to provide underway replenishment and vertical replenishment teams to the Ready Reserve Force ships.
- INCREASE THE NAVAL RESERVE'S PARTICIPATION IN MOBILE AMMUNITION LOGISTICAL SUPPORT.
 - STATUS: Lessons learned from Operation DESERT STORM and war games identified a need for a surge capability for onload deliveries of ordnance overseas. Twelve Mobile Ammunition Support Component (MASC) units have been established to provide capabilities for the unloading and offloading of ordnance in forward bases, as well as performing receipt, storage, segregation and integration functions.

These examples of the seamless integration of the Naval Reserve are a result of a shift in paradigm dictated by the realities of the changing world order and fiscal reductions. We acknowledged these realities, made the shift, and the results are evident and positive. Although, these changes were challenging, they have resulted in increased support to the Active component, high levels of readiness, and stability for the Naval Reserve. We now must maintain this support, readiness, and stability.

Maintaining stability, through the turn of the century, is the goal of the Naval Reserve for the future. Our success at maintaining overall stability will depend on the stability within four areas, or the four pillars of the Naval Reserve: personnel, equipment, facilities, and funding.

PERSONNEL

The first pillar in maintaining stability is personnel. In the past four years, the Naval Reserve Force has been making reductions in Naval Reserve end strength in an orderly and measured manner, by shedding excess capacity no longer required by the changed international conditions and new world order. Using the information gleaned from various processes, including the Bottom-Up Review, the Naval Reserve Roles and Missions Study, the Total Force war game, and fleet exercises, the Navy and Naval Reserve engineered an aggressive program to draw down the Reserve. This process not only achieved the desired end strength, but also assured that the proper mix of personnel would be resident in the Naval Reserve to provide mission-capable units and individuals to the Navy-Marine Corps Team throughout the full range of operations from peace to war.

The drawdown is about 96% complete, with a desired personnel end strength range of about 96,000-100,000 and the proper personnel mix. This achievement returns stability to the area of personnel structure.

EQUIPMENT

The second pillar to maintaining stability is equipment. The Naval Reserve needs state-of-the-art equipment to maintain its readiness and to be able to provide the maximum levels of Contributory Support. With such a large percentage of Naval Reserve personnel having had prior service experience, almost 90%, the logical step to effective combat readiness and mobilization effectiveness is fleet compatible equipment.

The force structure for FY96 is comprised of 35 squadrons, 20 ships, and 55 various other hardware units. In FY97, we will decommission one VP squadron, add four MHCs (Coastal Mine Hunter) to the NRF, and maintain our 55 other hardware units. The Naval Reserve would rank as the fourth largest Navy in the world and is operating state-of-the-art equipment that is fleet compatible. To maintain compatibility and stability, we must continue to modernize/integrate upgrades and program replacements. Whether in use for training, exercises, or actual operations, fleet compatible equipment is essential.

FACILITIES

The third pillar in maintaining stability for the Naval Reserve through the turn of the century is facilities. As part of the drawdown, it was clear that the infrastructure and overhead costs needed to be brought in line with desired personnel end strength levels. The Base Closure and Realignment Commission (BRAC) processes have reduced the number of Reserve centers, air stations and regional headquarters supporting the Reserve forces in the field. However, we will

continue to operate Reserve Centers in all 50 states, with adequate facilities in which sailors will work and train. The challenge is to maintain and operate these facilities in the most efficient manner possible.

The Military Construction and Real Property Maintenance Programs must be resourced to assure readiness, quality of life, and environmental and safety compliance are maintained. The drop in funding levels, which started in FY93, was a conscious decision to defer investment below the level required for long-term sustainment of the shore infrastructure because of the uncertainties of force structure drawdown and BRAC. These are now behind us, and we must now focus on meeting the cost of ownership for the core infrastructure which remains. This restoration of funding levels represents prudent cost efficient facilities management.

BUDGET

The final pillar in maintaining stability for the Naval Reserve is the budget. There must be adequate funding to maintain the levels of Contributory Support the Active component has requested and the Naval Reserve is capable of delivering. Funding for training, readiness, and support to the CINCs in their daily missions, is essential to maintain the shift in paradigm from the Cold War era crisis response, to today's seamless integration of the One Navy Team.

As in the active force, while the number of Reserve personnel has been declining to reach desired end strength levels, the demand for our people continues to grow. This will continue, and Naval Reservists will be needed for extended periods of time beyond normal training obligations. Modern, fleet compatible equipment must be available to the Naval Reserve Force to ensure employability. Requested funding levels for facility management are needed, to continue to improve and maintain existing infrastructure. In sum, whether it is for Contributory Support, personnel, training, equipment, or facilities, adequate funding is needed to ensure stability, and every dollar spent must have a definitively measurable return on investment.

CONTRIBUTORY SUPPORT

The Naval Reserve continued to provide unprecedented levels of Contributory Support to help meet the operational requirements of the Active Forces. During Fiscal Year 1995, the Naval Reserve provided over 1.7 million mandays of direct support. In addition to augmenting the capabilities of the Active Forces, Naval Reservists perform many of the missions required only during times of a national emergency. Many of these missions are unique to the Naval Reserve Force. Whether augmenting the Active component, or providing support resident only in the Naval Reserve, each of the Naval Reserve's varied communities provides some

level of Contributory Support for the Navy. The following are some examples of the types of support provided in FY95 and the first half of FY96:

- Ten of fourteen Naval Reserve Force (NRF) guided missile frigates made four to six month deployments worldwide to relieve fleet OPTEMPO and PERSTEMPO. NRF ships provided 236,535 mandays of support. Operations and exercises supported included counter narcotics operations (Caribbean and Southern California), UNITAS (South America), STRONG RESOLVE 95 (North Atlantic), CARAT 95 (Pacific) and BALTOPS 95 (Baltic Sea).
- VAQ 209 deployed for four months with USS THEODORE ROOSEVELT (CVN 71) in support of Operation DENY FLIGHT in Bosnia providing 33% of the electronic warfare assets and 3,016 mandays of support. Like their Active counterparts, VAQ 209 used High-Speed Anti-Radiation Missiles (HARM) against live hostile surface-to-air sites.
- In the wake of unprecedented Cuban and Haitian refugee influx, 130 Naval Reserve Seabees augmented their Active counterparts in Guantanamo Bay, Cuba, providing new construction for shelter, sanitary and messing facilities, as well as, roads and utilities. Additionally, Naval Reserve Seabees provided over 9,500 mandays of support at Naval Amphibious Base, Little Creek, VA. Projects included Bachelor Enlisted Quarters upgrades and completion of a Recycling Center. These projects yielded savings of \$1.2 M and \$700K, respectively, in military construction; and completed projects that otherwise would not have been possible.
- Active component Fleet Hospitals, deployed to Guantanamo Bay in support of migrant operations and to Zagreb, Croatia in support of Bosnia; ten percent of the personnel assigned were Naval Reservists. Also, Naval Reserve dental personnel provided over \$5.3M in dental support (representing approximately 335,600 procedures), in Contributory Support to Active Navy personnel and family members.
- Fleet Logistics Support Squadrons continue to provide 100% of Navy Unique Fleet Essential Aircraft (NUFEA) Airlift to the Fleet CINC's warfighting capability. Over 431,000 mandays of worldwide support were provided in FY95. The C-9s, C-130s, and C-20Gs that perform this mission, provide critical, demand-driven, flexible response for all Fleet CINC airlift requirements.
- Naval Reserve Helicopter Squadrons participated in numerous operations and exercises including UNITAS 95, USS KENNEDY carrier qualification (CQ) operations, Carrier Air Wing 14 (CVW 14) flight operations, target launch and recovery and torpedo recovery in support of Third Fleet, detachments deployed

aboard two NRF frigates. HCS 4 is currently deployed aboard USS GEORGE WASHINGTON in support of Bosnia.

- Naval Reserve P-3C and E-2C squadrons provided almost 3,000 flight hours in support of counter narcotics (CN) operations in FY95 and an 18% increase is projected for FY96. These aircraft provide detection and command and control for interception. VAW 77, flying the E-2C, is the only fully dedicated CN squadron in the Department of Defense.
- Naval Reserve Intelligence Program personnel provided 565 mandays of support for the Bosnia Intelligence Task Force. These Naval Reservists provided direct support to SECDEF, CJCS, and deployed forces in, and in support of, Bosnian operations.

SUMMARY

There has never been a more rewarding, challenging and exciting time to be in the Naval Reserve. The Naval Reserve is an active partner and participant in the daily operational commitments of the Navy world-wide. The seamless integration of Active and Reserve components, plus the magnitude of Contributory Support provided to the Fleet, serves as a model for the force structure of the 21st century. As the Navy fulfills its part of America's National Military Strategy, the Naval Reserve is an inextricable part of that mission.

The Naval Reserve Force Strategic Planning Team has recently updated the Mission and Vision Statements for the Naval Reserve. These Statements reflect the Naval Reserve's commitment to the National Military Strategy and its reliance on seamless integration.

MISSION

The Naval Reserve provides mission-capable units and individuals to the Navy, Marine Corps Team throughout the full range of operations from peace to war.

VISION

The Naval Reserve is a highly trained, well equipped and fully accessible combat ready force with a world-class reputation for professional excellence. We are responsive and provide a broad range of cost-effective, adaptable military capabilities and civilian skills to fulfill mission requirements.

Mr. DORNAN. Thank you, Madam Secretary.

I am going to go to the clock when we begin to turn to our Members of Congress for questioning only because so many Members, and I thank you, have shown the interest in this important piece of legislation to come to the subcommittee hearing.

Again, to turn to our distinguished panel of admirals and general officers, did any of you have any impromptu remarks that you wanted to add to the Secretary's opening statement?

[No response.]

Mr. DORNAN. Let me turn to my Vice Chairman, who has just arrived, Mr. Owen Pickett of Virginia, for any opening remarks, Owen, and you can begin the questioning.

**STATEMENT OF HON. OWEN B. PICKETT, A REPRESENTATIVE
FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY
PERSONNEL SUBCOMMITTEE**

Mr. PICKETT. Mr. Chairman, I thank you for your kindness. I have a statement I will submit for the record and we will get right back on track. If you give me a moment, let me see if I can track where you are and I will weigh in on the next question.

[The prepared statement of Mr. Pickett follows:]

**OPENING REMARKS -- MR. PICKETT
MILITARY PERSONNEL SUBCOMMITTEE HEARING
HR 1646 -- RESERVE FORCES REVITALIZATION ACT
March 21, 1996**

Thank you, Mr. Chairman.

I agree with your assessment that the world has changed and that the reliance of our military on the reserve components has never been greater. HR 1646 proposes major changes to the reserve command structure, as well as to the way the nation gains access to, resources, and uses the reserves.

As with any proposed major change in the status quo, innumerable strongly held concerns and considerations will be properly raised. Thus, for example, I note in DOD's February 27 views on HR 1646 that the Department supports the establishment of separate reserve commands, but would defer to the Services with regard to the specific general or flag

officer rank to be held by the chief of the reserve command. Similarly, the Department takes exception to the section in HR 1646 that would provide for the involuntary recall of reservists for disaster relief.

And while I cite these issues as examples only , Mr. Chairman, I do not use them to suggest I have formed a final opinion as to their ultimate merit. Rather, I use them to urge the subcommittee to keep an open mind as we try to sort through what are certain to be strongly held views on a range of issues raised by HR 1646.

I will tell you, Mr. Chairman, that I do fully endorse one position that DOD has taken. That is that whatever legislation we may adopt should "stress the importance of sizing and shaping Reserve forces consistent with the national strategy needs, and [enhance] Reserve Component integration into a Total Force."

Mr. Chairman, I look forward to the testimony of our witnesses today, and in working with you in shaping HR 1646 so that it works to the best advantage of the nation.

Mr. DORNAN. All right. I will stay on that side. Mr. Montgomery, did you want to open with any questions?

Mr. MONTGOMERY. Thank you very much, Mr. Chairman.

The questions I would like to get within my 5 minutes, and if I have more than 5-minute questions, and I could get brief answers, I would certainly appreciate it.

This is a massive bill that we are looking at today from my colleagues and there are certainly some areas that I am going to support in the bill and there are some sections of the bill that I do have some concerns about and would like to get cleared up. It looks to me like some of the problem areas are sections 201, 202, 205, and 301.

My first comment would be that about 3 years ago, Congressman Laughlin and I sponsored a bill, not this big, and we were able to help the Army Reserve to be more of a separate entity but not completely. In this bill, it sets up a separate command for the Army Reserve and we did basically try this several years ago. I still like the concept of making it more like the National Guard Bureau. My question is to our panel, What is wrong with setting up a separate command for the Army Reserve?

General BARATZ. Sir, you are exactly right. You have put us in law. Unlike the other services, we have both 1991 and 1993 legislation. The separate command that you put us in legislation, I want to tell you, works excellently.

I wear three hats. I am the Chief of the Army Reserve and have direct access to the Chief of Staff of the Army; I am commander of the USARC, which is positioned in Atlanta; and I am deputy commanding general of Forces Command.

The integration due to your legislation and the setting up of the separate command has done almost everything you have asked for and we feel very comfortable with where we are today, sir.

Mr. MONTGOMERY. So you do not think we need this additional help in this bill?

General BARATZ. No, sir. You have done an excellent job in the 1991 and the 1993 legislation.

Mr. MONTGOMERY. I think we need to look at that further. As Colonel Laughlin knows, I am a little concerned about the increase in number of generals and admirals in the Reserves under this bill. I would like to hear maybe very briefly from each of the service chiefs, and I worry about the decoupling that you mentioned, Debbie Lee, of generals and admirals from the active duty. Maybe that would be my first question, decoupling. You say that is OK if you keep the same slots you have, is that what you basically said?

Ms. LEE. The position of the Department is that we have not asked for this, but again, we are commenting on Mr. Laughlin's idea and based on the responsibilities that the Reserves have nowadays and the joint requirements and what not, I think an argument can be made that they merit higher grades. But the services would only support that if it were additive. In other words, they would not support it if the numbers came off of the active duty general list.

Mr. MONTGOMERY. Say you decouple, and therefore that leaves you 50 or 60 slots. Are you going to take those Reserve slots and increase the active duty generals and admirals? Are you going to

keep the number that is there now and let those admirals and generals come over to the Reserve components if you decouple; and that is certainly something we are going to have to look into.

Ms. LEE. That, I think, would be a good question to direct maybe to the second panel, as well, since that would ultimately be a service judgment. In my opinion, I think you can argue it either way. There was that Hay study several years ago which argued in favor of decoupling, namely that you could manage the two separate categories different and that there were benefits there, the key benefit being that there would be no competition between active component slots versus Reserve component slots.

On the other hand, I think there are arguments in favor of managing all general officers who are on active duty together, and that has certain perhaps integration benefits. So it is a judgment call.

Mr. MONTGOMERY. My time is up, but I do worry you are pushing people out at the lower end—sergeants, captains, and lieutenants, if you create more generals and admirals, what effect that would have on the general public and on those who have been pushed out at the lower level if you increase the ranks in Reserve and National Guard.

My time is up, but we certainly should get into the callup of the Guard and Reserve and the disaster element. I hope some of my colleagues will follow up on that.

Thank you, Mr. Chairman.

Mr. DORNAN. If they do not, we will come back to you, Mr. Montgomery.

Mr. Skelton.

Mr. SKELTON. Thank you very much. It is certainly good to see you again, Deborah, and those who are with you.

You mentioned about some people being concerned about being called up. It was my experience, with the exception of the medical folks, that people were disappointed to being upset over them or their units not being called up in Desert Storm or on other occasions, which, of course, speaks extremely well of our Reserve components.

Do each of the gentlemen seated at the table agree entirely with what Ms. Lee has said? Do you have any additional comments or corrections or additions thereto? You are all good soldiers, I realize that, but speak now or forever hold your peace.

Let me ask this. In looking at this bill, and I appreciate your thorough testimony, if you had to, and you do, because I am asking, look at the most glaring problem, the second most glaring problem, and the third most glaring problem, what would each of those be? What are they, and how would you fix them? What really strikes you worse, No. 1?

Ms. LEE. The No. 1 difficulty I have is the accessibility provisions. Those give me great concern and I think we have made great progress in recent years through working actual accessibility problems and perceived accessibility problems. I fear that although it is clearly not the intent, that if the provision were to become law, that it would reverse some of the gains that we have achieved. One could argue that it would not necessarily reverse in an absolute sense, but I guarantee you it would reverse it greatly in the percep-

tion sense. When I say perception, the active duty has to believe that the Reserve components will be available to them.

Mr. SKELTON. Right. No. 2?

Ms. LEE. The No. 2 concern, I would say, is that the parity of benefits question could cause effects that we do not necessarily anticipate and could trigger very large costs that we currently do not have a way to pay for. So that, I guess, would be my No. 2 concern.

The No. 3 concern would be to make sure that however we institutionalize our Reserve commands in law, that we do it in such a way that the people who actually have to manage can live with it. And again, I think the way we have put forth our general counsel proposals, we can achieve that.

Mr. SKELTON. I might say that there were comments made by Mr. Laughlin about State use of the various components, and I realize and we all realize that the National Guard has this as a primary duty, but I had the experience of the 1993 flood, watching from a Corps of Engineers helicopter, Olathe, KS, Army Reserve moving boulders into part of the Missouri River that literally saved the channel and hundreds of acres.

I think that there may be a misconception that the Reserve in the Army is not as accessible as the Guard is. Of course, the National Guard did historic work in both of our floods, in the 1993 and 1995 floods, but I want to point that out and say a good word for the Army Reserve because that unit did outstanding work.

Thank you.

Mr. DORNAN. Thank you, Mr. Skelton.

Mr. Chambliss of Georgia.

Mr. CHAMBLISS. Thank you, Mr. Chairman.

Ms. Lee, if I understand what you said in your opening statement there, you generally agree with the direction in which Mr. Laughlin's bill moves. You disagree with some of the ways to get there. But basically, you agree with the concept, Is that a fair statement?

Ms. LEE. Yes.

Mr. CHAMBLISS. Let me, just going a little bit further than Mr. Skelton did to you gentlemen, I would like to know if anybody disagrees with that, or are you all in agreement that this bill does move us in the right direction and we need this legislation? Does anybody have a comment on that?

General RICHARD. Just a comment, sir, that my service agrees with the statement wholeheartedly.

General MCINTOSH. The Air Force Reserve, we certainly agree with Ms. Lee's comments. The way we operate today, with me reporting directly to the Chief of Staff and the Secretary, is kind of how it is outlined certainly in the bill. The sustainment issues certainly are important to us for quality of life. We also have great concern about any additives of general officers, although we certainly understand why that should be considered, that those would not count against the active force general officer numbers.

General BACA. Sir, I also agree fully with Ms. Lee's comments and also with the comments of the DOD general counsel, the most recent comments from the DOD general counsel with regard to the bill.

I would say that with regard to section 301, the aspect of 301 particularly that has to do with responses of military support to civil affairs, that the National Guard is not objecting to the use of the Reserves. As a matter of fact, as Mr. Skelton stated it so well, the Reserve is being utilized and being utilized very effectively now under the current law.

What the adjutants general are telling me, and I formed an advisory panel of the experts, the adjutant general of Florida, the adjutant general of Louisiana, and the adjutant general of California were members of that committee, that they would like the process to be defined better. What they are insisting on is that the State resources be exhausted before we ask for Federal assistance. That is already called for in the Stafford Act. They are also saying that the Federal assistance should be requested by the Governor and that they should be under the OPCON, all the forces that are there should be under the OPCON of the Governor.

Those are the basic principles, in addition to all the other principles that Mr. Laughlin mentioned. We agree also with the other principles that Mr. Laughlin mentioned and the National Guard Association has given their position.

Admiral HALL. Certainly in the Navy, we agree with what the Secretary has outlined, the spirit and intent of this bill that enhances the use of our reservists. We have problems with some of the provisions. We have worked with Mr. Laughlin and his staff already on a number of those and they have accommodated that. But certainly the spirit and intent we support, but some of the provisions need to continue to be worked.

General BARATZ. We agree that the spirit and intent of the bill is excellent, particularly those provisions that provide for the soldiers. We, like Ms. Lee, worry about costs because we are not a growing industry, sir, and money is always a problem with us.

As Congressman Montgomery points out, our soldiers and our airmen and our sailors in the Reserve do good, and anything that would impact the accessibility of getting to those people I think would be detrimental.

Finally, unlike the other services that I pointed out, an excellent job was done by Congress in addressing setting up the separate command in the Army Reserve and we feel very comfortable with the progress that we are making in that area.

Mr. CHAMBLISS. Thank you. Let me just tell you a concern that I have and something that I think is directly addressed with this legislation and that is, and General Ralston has heard me say before, that we, without question, have the very finest young men and women that this country has to offer serving in our Armed Forces right now. With an All-Volunteer Force, we have to continue to do that.

But in addition to that, with the continual downsizing of the force structure, as we become more and more dependent on the folks that serve under you all, we are competing with the private sector just as much from a Reserve and a Guard standpoint as we are from an active duty standpoint. I think if we sit on our laurels and talk about the fact that we have great forces out there and a great structure out there, that we are going to miss some of these

folks and we are going to start losing some of these folks that we ought not to lose.

I know it is expensive to upgrade. I know it is expensive to do some of the things that this bill addresses, but I think it is just incumbent on us to always move in a direction of upgrading what we, as a Guard and Reserve, have to offer the folks or we are going to look back 10 years from now and say, Where did all those quality folks that we were trying to recruit go? We have them in active services, but where are they in the Guard and Reserve?

I think this type of legislation moves us in that direction. I am pleased to hear you all say you are supporting this. It is right that we disagree on ways to get there, and I hope you all will continue to work with Mr. Laughlin and let us see if we can compromise on some of those areas.

Thank you, Mr. Chairman.

Mr. DORNAN. Thank you.

Mr. Doc Hastings, who was with me on an appropriations CODEL back to the Balkans just a few weeks ago, and we are equally impressed with the professionalism of our Navy commander over there and our Air Force and Army forces and Marine forces on the ground.

Mr. HASTINGS. Thank you, Mr. Chairman.

As a matter of fact, I was very impressed with what our troops have done over there and I say that, frankly, as one of those that did not think our troops ought to be there, but they are there and they certainly deserve all of our support.

I want to follow up on Secretary Lee with what Mr. Chambliss had asked you, and actually the whole panel. It seems to me everybody is in agreement with the thrust of this and the issue apparently is how do you get there. When you take that, then, to the next logical extension, the question in my mind comes to, I think, what you said, where you are doing it with an internal process. By implication, that means an internal process is kind of like a living document and can be changed at some time in the future.

With the overall change of the Reserve status, as it was compared to 3 years ago when I was in the Reserves, when we were at that time truly Reserves, my question to you is this: Why not kind of work through this process, tweak the differences, and codify this major change in policy that is being proposed here? Why not try to work through that and say, OK, let us codify it so that you will not go back to a living document, say a position; but in the future if it is not working you can always come back and change it. But why not work to that end?

Ms. LEE. Mr. Hastings, there are areas where that was precisely what we thought, too. For example, the organizational matters, we have submitted suggested changes and support the codification of the Reserve commands, as an example.

There are other areas, however, and I keep coming back to the accessibility provision as my No. 1 concern, that if we were to codify those provisions that Mr. Laughlin has put forth, again, I know this is not the intended effect, but I believe the practical effect would be to set us back terribly when it comes to Reserve component access as a practical matter, but even more importantly as a matter of perception, that the active forces would simply not be-

lieve that the Reserves would be available to them and that would have many repercussions within the system.

So there are areas where we do support codification. Again, the old saying, the devil is in the details. There are areas which, if they were to go into law exactly as drafted in the Laughlin bill, would cause us great problems. So when we were putting together our position, we were faced with the question, well, do you oppose the bill because there are parts of it you do not like or do you basically support a bill and then simply say there are changes that we want? We opted for the glass is half full approach as opposed to the glass is half empty approach, and we believe in that.

But again, the devil is in the details and these areas that we have pinpointed for you as areas of concern are serious concerns, and we would ask you to please accept our recommendations in these areas for the changes because they are important.

Mr. HASTINGS. But you do not think those differences are irreconcilable? Do you think that they can be worked out?

Ms. LEE. Oh, I feel certain that we can, yes.

Mr. HASTINGS. And at that point, if they can be worked out, then you would have no problem codifying an agreement on this, then?

Ms. LEE. I think we certainly can codify some of this, yes. I believe strongly that we can.

Mr. HASTINGS. Just having been aware of this here just in the last week, I am not privy and do not pretend to know all the details, and while I do not want to put you on it, you say, well, some of the things we can. I am simply saying that there are some differences. We face these things all the time on every piece of legislation that goes through here and there is always somebody that does not like all of it and you have to make a decision.

I guess from what my understanding of this legislation is, there are some pretty strong feelings that there ought to be some major changes, particularly in the Army Reserve area. Do you think you can reconcile the differences on those? This is what I am asking.

Ms. LEE. On the command question for the Army Reserve, we did put forth some changes and with those changes I think you would find wholehearted support on the codification. Absent those changes, I think I will yield to General Baratz. I know he is concerned that there could be the unintended effect of actually having less integration as opposed to more integration.

Mr. HASTINGS. I see my time is up, but Mr. Chairman, could I have General Baratz respond to that?

Mr. DORNAN. Yes.

General BARATZ. I think Secretary Lee has put it well. Once again, unlike the other services, we have had legislation since 1967, sir. We have had two pieces which have set up the Army Reserve as a separate command. That is working very well. We are integrated. We are a down-trace of forces command, which is the Army purveyor of all forces in the Army, active, Reserve, and Army Guard.

As I said, I wear three hats. I have the capability as the chief of working in the building and working directly with the Chief of Staff and the Vice Chief of Staff. I also have the extra hat of being the DCG of forces command, which is the active component integrator, and the commander of the USARC. That has made a great

step forward. It has increased our readiness in the last 4 years since the command stepped up exponentially.

So we feel very comfortable with the structure that basically you gave us here in Congress and we feel that that structure is working very well.

Mr. HASTINGS. Thank you, Mr. Chairman.

Mr. BUYER [presiding]. Thank you.

To the panel, obviously, there are a lot of things going on right now and I have been in and out of a Judiciary markup, so I apologize for not being here for part of the questioning and for part of your statement, Ms. Lee.

I do have some questions. Two of them, I want to cover. One is I want to ask each of the Reserve component chiefs to comment about the alternative submitted by the Guard Bureau, so I want you to prepare that in your thoughts.

Then the other question I have is this increasing the ranks, having more generals. On the face of it, I mean, I look at this and it is really kind of easy to me. I look at it and say, gee, we are really cutting down the size of our force and with a straight face you want me to increase more general officers? I have to ask that question to myself.

So then I go back and do some comparison of officer strengths. So I look at 1945 and compare it to 1995. In 1945, the active duty end strength, officer and enlisted, was 12,123,445. In 1995, there are 1,610,490. The total generals and admirals at four-star rank in 1945 was 31. Today, it is 36. Twelve million in 1945, 1.6 million today, and we have five more generals today than we had in World War II, four-star rank and admirals.

At the lieutenant general and vice admiral rank, in 1945, there were 101; today, there are 104. At the major general, brigadier rank, in World War II, there were 1,900; today, there are 778. The total colonel to captain in World War II for 1945, 14,998; today, there are 12,205.

I am a good listener when I hear Ike Skelton. I wish Ike were here. He preaches to us a lot. I do not mean to use the word "preaching," but I use it in a positive sense, about the importance of being rank-heavy in the senior NCO's and the officer corps in times of need and building the force. But I want you to know, I swallow hard when I look at this in Mr. Laughlin's bill about increasing the rank.

I noticed as I was going through things here—I am not picking on the Marine Corps—about the Marine Corps general officer billets from 10 to 16 reflects a growing emphasis on more effective joint planning and joint operations. Where would the generals be going?

General RICHARD. Sir, I am glad you brought that up because I have been wanting to make a comment since Mr. Montgomery spoke about the increased rank. We certainly understand the logic that you just mentioned, but if you would allow me just to briefly explain.

First of all, about the increase to lieutenant general for the commander of our Reserves. Those of us that wear the uniform and those of you all that wear it and support us know one central thing in our service and in all the services, rank. We wear the rank open-

ly. In our service, a major general, a two-star, is in charge of our Reserve, a separate command, by the way, which is already set up. We talk about parity in integrated force. There is a difference. There is a visible symbol there. The three-star rank would go a long way in telling everyone what the commandant is trying to show by his actions.

As an example, a three-star general is in charge of our Operational Forces in Atlantic. Operational Forces in Pacific is also a three-star general. He is on the same par as them.

Mr. BUYER. I do not mean to cut you short. Tell me where the extra six generals are going. Are they going to a joint—

General RICHARD. Yes. Three of those extra six generals are going to joint, and the figures that you mentioned about World War II is true, but the joint world has created a tremendous—

Mr. BUYER. If you send them to a joint world, does that mean every other service also gets a general at the table?

General RICHARD. We are asking in the bill, we are asking for an increase of six Marine Corps generals.

Mr. BUYER. Right. If you just said to me, we want the three-star rank because, as you stated your policy position, the Marine Corps is going to go to a joint world and send a one-star. Should not the Army Reserves and others send one-stars to the table?

General RICHARD. Many of them are already there, sir. Our limitation is we have 10 Reserve generals, 10 for a force of 42,000. The ratio is 1 to 4,000. The DOD ratio is 1 to 2,000. So we are not crying wolf. We are just simply saying we would like to participate more.

Mr. BUYER. Would each of you answer the question that I had asked about commenting on the NGAUS, the National Guard Associations' alternative? General BACA.

General BACA. Yes, sir. What we are saying is we support the DOD—the National Guard Bureau supports the DOD position and supports the statement that Secretary Lee made this morning. The National Guard is, as I stated a little earlier, the National Guard is not adverse to the Reserve being called up with the Guard for State emergencies. As a matter of fact, it is being done now, has been done traditionally for a long time. It is the procedure and how it is called.

Basically, it should first exceed the capacity and the capability of a State, no different than the Stafford Act calls for now, and to include the State compact.

Second, it should be requested by the Governor. It should be requested through FEMA. It should be a Federal declaration by FEMA.

And then third, the troops should be under the OPCON of the Governor.

Mr. BUYER. Wait a second, I just became confused. You are going to support the DOD position, not the NGAUS position, is that correct?

General BACA. Sir, the DOD position is very close—

Mr. BUYER. Or are you going to support both?

General BACA. We are supporting the DOD position, but they are very close. Basically, what you said this morning, the principles are the same.

Mr. BUYER. General Baratz.

General BARATZ. I think, if I understand what we are talking about here, Congressman, we are talking about the addendum that NGAUS put into the bill and I am going to restrict myself to that because everything that has been said here is true. There is access today if you need other Reserve forces, not just the Army.

The addendum that is put in by NGAUS, we would oppose pieces of that. It is deleterious to the integration of the Army to talk about moving either force structure or equipment based on State needs and having another swap, which is what this addendum to the legislation talks to.

So we are in opposition to much of that. Again, we support both the DOD and the Army's policy on the way we do State activities today. We have a system to do that. We certainly do not need to get ourselves into some strange activity that is additive and does not make much sense.

Mr. BUYER. So you are uncomfortable with the NGAUS proposal?

General BARATZ. Uncomfortable is a good way to put it.

Mr. BUYER. All right. Admiral.

Admiral HALL. In direct response to the NGAUS proposal on 301, that more affects the Army and the Guard. Our position is that whatever section 301 turns out, if it promotes accessibility, that is good. If it inhibits it, as the Secretary said, that would be a problem, but we do not have a direct response.

Mr. BUYER. Do you feel the same way, General McIntosh?

General MCINTOSH. Basically, I share the same thoughts of General Baratz concerning a level playing field when it comes to resources versus Federal and State, basically the same way as General Baratz.

Mr. BUYER. General Richard.

General RICHARD. We generally support the DOD position, but also accessibility, as the Admiral just pointed out, is our position, also.

Mr. BUYER. Accessibility?

General RICHARD. Whatever improves accessibility.

Mr. BUYER. Mr. Watts is recognized for five minutes.

Mr. WATTS. Mr. Chairman, I have about lost my voice, so at the risk of being redundant, I will yield back my time. I am a freshman, and as you go down the line, you run the risk of having the question asked, so I would yield back my time.

Mr. BUYER. Mr. Pickett is recognized for five minutes.

Mr. PICKETT. Thank you, Mr. Chairman. I welcome our witnesses today. I am sorry I am a little bit late in getting here this morning.

In reviewing the bill and listening to various comments about the bill, it seems that one of the implicit but maybe not very well articulated objectives is to ensure that the Guard and Reserve gets the resources that Congress intends for them to get and that there needs to be an organizational structure that ensures that they have enough muscle to keep somebody higher up the food chain from taking money away that has been designated by the Congress for the Guard and Reserve.

I would like to have some response, Madam Secretary, and I would also like to hear from the individual service representatives on this issue.

Ms. LEE. Mr. Pickett, I would say that I think under our current procedures, which requires, under the reprogramming authority, if we want to shift money away from the Guard and Reserve and toward the active, or for that matter, if we want to shift money away from the active to plus-up the Guard and Reserve in some way, what we currently have to do is come back to Congress and ask permission to reprogram. So it is currently reviewed by the four key committees who have responsibility for DOD matters.

What causes me concern is if you go beyond that reprogramming authority and say, OK, now we do not just go to four committees every time we want to make a change but now we have to get a whole new law to allow us to make a change, that is a whole lot less flexibility for people who need as much flexibility as possible when unexpected things come up.

So that is what gives me concern. I think the current reprogramming authority meets the intent of Congress that you all continue to have the review authority of these matters, but it still gives us enough flexibility so that moneys can be moved when unanticipated elements occur.

Mr. PICKETT. I still sense, and I appreciate your remarks, but I still sense that there is a perception, and possibly a reality, that resources that are designated for the Reserves and the Guard do not get where Congress intends for them to go. I do not know that this legislation necessarily is going to improve that, but I think implicit in some of the changes that are being put in place by this legislation is the need to protect resources that are dedicated for our Guard and Reserve.

I would like to hear from the individual service representatives on this issue, not lengthy, but if you could briefly touch on this, I would appreciate it. We will start with you, General Richard.

General RICHARD. Yes, sir. In the Marine Corps, we do not necessarily outfit our Reserves by pass-down equipment. We have a total procurement system in which a Reserve portion of each piece of buy is, in fact, dedicated to the Reserve, sir. So if we get a new piece of gear, an item of equipment, or what not, it is planned for the Reserves, albeit it may not get there quite as soon because of constraints.

So we have a total force procurement system. That is why we would feel that we have some current concerns about setting up a separate type of procurement system. Your concern about resources from the NGREA all the way down to individual items of equipment, the Reserves are included in my service, sir.

Mr. PICKETT. General McIntosh.

General MCINTOSH. Certainly. The Air Force treats its Reserve components very fairly in the allocation of equipment and in resources.

General BACA. Sir, as I see it, we are moving more toward a seamless force and we are talking more and more integration now. I do not think this is timely. I think we should keep the procurement systems that we have right now.

Admiral HALL. My perspective is, I think the longest at the table here in my job of four years now on the job, and throughout that time, we are a full player in the planning, programming, budgeting process. I do not think we need to stovepipe with an additional pro-

curement type of czar. We get the adequate equipment resources and I manage those accounts and so I am satisfied with that process as it presently exists.

Mr. PICKETT. General Baratz.

General BARATZ. Sir, first of all, having the opportunity, I would feel bad if I did not thank all of you at the table for all the help you have given us in our procurement, so we are deeply appreciative in the Army Reserve of what has been done for us.

I agree with the position espoused at the table that the systemic manner of handling procurement ought not to be changed and I am in support of the position, sir.

Mr. PICKETT. Thank you.

Mr. MONTGOMERY. Would the gentleman yield just briefly?

For the record, the Reserves sitting out there today, they command about 35 to 40 percent of the total force, and in this year's procurement and last year's procurement, they got about five percent of the funds. That is why we come up with this Reserve package. The actives still are not giving the Guard and Reserve the proper equipment, so that is why we come in with this package.

I thank the gentleman.

Mr. BUYER. Mr. Thornberry is recognized for five minutes.

Mr. THORNBERRY. Mr. Chairman, I do not know that I have any questions on this stage. It does seem to me if we are going to lean heavier on the Guard and Reserve, as we are doing, that a modernization update of our organization makes a lot of sense. I am very interested in this proposal by my colleague from Texas, and with the chair's permission, I would yield any time that I have remaining to him, Mr. Laughlin.

Mr. BUYER. No objection. Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman, and to all the panelists, I would thank you very much for your input and your dialogue.

Secretary Lee, I must tell you I am uncomfortable at times having this called the Laughlin bill because I did not write any of the words of it. I am merely, as we say in my profession, the mouthpiece.

When you talked about access to the Reserve component, to give you an example, and I want to see if we can resolve this real quickly, I never liked the 48-hour notice, but it is in there because I did not write the bill. There was a lot of input, probably over 1,000 people. I did not like the limitation of calling up a unit in 2 years, because I have always signed my Army Reserve commitment that I would go on duty in less than 30 days' notice. I think that is the minimum, is it not, General Baratz? And I had an active law practice before I got in this job.

But there were others, and I have to tell you the reason it is in there, and frankly, I would not have had it in there, but there is concern about the employer out there and the employee relationship, something the active component does not have to deal with. When they come home from Saudi Arabia, they go right back to work doing what they were doing before they went, at the same pay, without loss of job unless they miscarry military duties. That is not true of the Reserve component.

So just to make the point, if that were out, would you have any trouble, or what would be your problem? If we took out the 48 hours and took out the limitation on the Reserves being called up twice in 2 years, or whatever the language is, what would be your problem then?

Ms. LEE. Certainly, that would help a lot. As I recall, and I would like to—

Mr. LAUGHLIN. And I am not promising it comes out. I am just telling you where I was on it.

Ms. LEE. Right, and what I would like to do is refrain and come back to you for the record so that I can be very specific, because this is so important to us, this access question.

Mr. LAUGHLIN. And I agree.

Ms. LEE. But essentially, my feeling is this, that to the extent that we tweak the existing section of law, which is Section 12304, I believe it is called, we just have to be very, very clear that we do not accidentally or, as a practical matter, in reality, send the wrong signal, send the wrong signal to the American public or send the wrong signal to the forces, the CINCs and the other people who have to rely upon the Reserve components.

As I recall, some of the language in the bill would require the President to declare that augmentation of the active forces is necessary, as opposed to the current law, which says that for an operational contingency, the President can call-up up to 200,000.

I would like you to hear directly from the Joint Staff and some of the Chiefs about the concern of this wording, because what I do not want to see happen is accidentally to reverse all of the gains that we have realized in recent years about how important and accessible the Guard and Reserve really are.

Mr. LAUGHLIN. I could not agree more, but I appreciate the dialogue and wanted you to know that there has been a lot of input.

The next point I want to talk about; I am in a unique position. I hear all the generals and all the services tell me that a lot of this is not broken, and I respect their view because I think they are very honest and well-meaning.

But when I go out in my capacity as a Congressman, I hear a lot of the Reserve people at sergeants and captains and major ranks, lieutenant colonels, that tell me the system is not working, that they are not getting the support from the active component. I am not picking on any service; I am telling you what I hear. So at some point, I have to become a vehicle for them, and I hear them saying, we are not getting the equipment. We are not getting the money.

I just would like to start with the Marine Corps, because they are on my right and ask if you can cite a time when money has been transferred from the active component accounts to the Reserve accounts. Now, I know it happens in the Reverse, that it goes from the Reserve component accounts to the Active accounts. Can you cite an example in your service, and I have checked with General Montgomery and he could not recall this happening? I want to ask specifically the Chiefs here if you can cite money going from the Actives to the Reserve component.

General RICHARD. Yes, sir. I can cite an example, \$7 million specifically for our personnel account in which we, in fact, were short-

handed. The active side, as you put it, moved monies over to pay for some active Reserves. In other services, it is called an FTS.

Mr. LAUGHLIN. General McIntosh?

General MCINTOSH. We work those budgets back and forth all the time. It is interesting to note that we in the Air Force Reserve during Desert Shield and Desert Storm actually had too much money in our milpers account because we were using active duty money for mobilized 23,000 reservists. So the financial interplay between the Reserve components in the Air Force works very well the way it is today and I think there are many examples of it going both ways.

Mr. LAUGHLIN. General Baca.

General BACA. I agree with that as far as the Air National Guard is concerned. One example that I can cite, I think, a glaring example in the last year is the transfer of \$180 million of active Army monies into ARCAS.

Mr. LAUGHLIN. Admiral?

Admiral HALL. I do not have a specific example—I could get back to you—but we certainly have a flow-down of equipment. Equipment comes into our accounts from active to the Reserve in the form of equipment.

Mr. LAUGHLIN. General Baratz.

General BARATZ. I would have two things, sir. First, if the Air Force has too much money, I can tell you where to siphon that. [Laughter.]

General BARATZ. The second thing I would tell you is the Army has just created a new system to build their budget to the POM cycle and has gone from 14 pegs to the six Title X pegs, and I think that will level the playing field, which is what you are talking about here, substantively, and they have done that in the last 30 days.

Mr. LAUGHLIN. I wanted to assure all the panel and anybody else that is interested, the intent is not to create a new procurement system, absolutely. If the words are wrong, they can be changed. The intent is to make sure the Reserve components get the money they need for equipment and the money they need for training and the other requirements for readiness.

Secretary Lee, I want to tell you, as far as the general slots are concerned, the whole intent is not to try to create more general slots. It is to protect the absorption of the Reserve slots. As we have downsized, there is a concern that the slots for Reserve generals and admirals are being absorbed to keep them at the active level.

That is the intent. Now, whether the words satisfy everyone or not, it is truly intended to protect the active component general slots and at the same time protect those at the Reserve component level, too, and I think if that language is not clear, then I can tell you that is the intent.

The other thing that I wanted to address to General Baratz is you and I have talked about the separate command and your strong personal commitment, feeling, that the way it is set up in the Army works very well and through our visit yesterday, I hope I do not misquote you, but if I do, you interrupt me, but you have had a long working relationship with our Chief of Staff, having

served under him in other commands and been a neighbor, and you are very comfortable with the structure because of the mutual respect that you and the Chief of Staff have for each other. I think your words were, "It works with our relationship."

My concern is when we get someone that does not have the personal relationship you have with our Chief of Staff, and that is the concern, because other of our services have the separate command and I want to ask you, why is it that the separate command in the other services works with the Chief of the Reserve reporting to the Chief of Staff directly, so that that Reserve component knows other services have a voice at the policy table, and when the Reserve component and the other services are mobilized for a mission and that responsibility or command transfers from the Reserve Chief to the, and I am going to call it mission or combat commander, why is it that will not work for the Army?

General BARATZ. Sir, let me say three things. First of all, my relationship with the Chief of Staff of the Army, I believe, enhances what we do.

Mr. LAUGHLIN. And I certainly understand and appreciate that because you have worked for him and you have that what I call mutual respect for abilities.

General BARATZ. But I would also tell you that systemically, our system works, and I think personally it works very well. We have handed over 60 units off to the call-up in Bosnia and I have units in the box in Tuzla, I have units in Hungary, and I have units backfilling in Germany. I still have units in Haiti. At one time, we had 26 units in Haiti, and I am probably the only Reserve force that has also called a unit up for Somalia.

I am here to tell you that that system has worked well, and as we mature as a separate command, because we have only been set up basically for a little over 3 years, that the functions of what we do in the Army and the integration become stronger every single year. As I said earlier, I am comfortable with the system systemically, whether I am here or one of my deputies stepped in and ran it today.

Mr. LAUGHLIN. Would the chairman yield for one more question to Secretary Lee?

Mr. DORNAN [presiding]. Yes.

Mr. LAUGHLIN. Secretary Lee, when it comes to accessibility, I understand the several concerns you mentioned, but I thought I heard you say that the President of the United States can access any size unit today that he needs for any military mission, and I am confused by that. Let me give you the example that I am familiar with.

When we deployed to Somalia, there was a need for a postal unit and we could not activate a postal unit. I happened to have commanded one overseas one time and it is not a lot of people, but they work together. I understand that we had to go out and ask for volunteers, and that sounds great in America, getting volunteers, but think through the problem that creates for Sergeant Laughlin or Lieutenant Laughlin, telling my employer that I have volunteered to go to Somalia, and, in fact, sometimes I do not end up in Somalia, I end up in North Carolina and my employer thinks I am playing golf all the time.

Then, after we got the volunteers for the postal unit, they had never worked together as a unit, and I am not saying they did not do their job, but here is the problem. In the old days, we had a Post Office-Civil Service Committee and I was on there on temporary assignment and we had to authorize some money or some pay or something to compensate these people for going over there when, in fact, we should have called up a postal unit from the Marines, the Navy, the Air Force, the National Guard, or the Army, and we did not do that.

So I have concern that we destroy unit integrity and the whole purpose of having a unit, whether it is a fighter squadron, a submarine group, or a postal unit, and we also impact the relationship with the employer for those people who volunteer.

Are you satisfied that we, in fact, can call up a unit? You go through my part of Texas; we have water well companies, pipeline companies, chemical units that we do not need every day, and I think they are proper in the Reserve.

Ms. LEE. Mr. Laughlin, I would tell you sincerely, I am satisfied and I will tell you why. I was there at the time of the Somalia deployment, and to the best of my knowledge, and I am in the chalk chain to see these documents, there was never a request that the President call up Reserve component units.

Mr. LAUGHLIN. Why did we not call up a postal unit and why were we on the civilian side paying money for however it got done? Do you see the problem where I am coming from?

Ms. LEE. One reason why we might not have, and again, I am guessing here, but it is because when I came into my job, I found a widespread perception that no President ever would call up the Reserves for smaller sorts of contingencies and therefore why ask? I found that to be a very widespread perception. So this is why I say to you, sometimes there are perceptions at work and sometimes there is reality.

After Somalia, we have had two other major actions. We have had Haiti and Bosnia. There were requests that were made and they were approved by the President.

So I guess I would say to you in sum that the system is working and that we have two very important tools. We have the Presidential call-up authority, and I will get you the exact wording on that, but I believe it says that the President can call up to 200,000 for up to 270 days for a military, or operational, perhaps it says, contingency. So he does not have to declare a national emergency or that we have to augment, because those words carry significance, as well, but rather a military contingency. So we are using that. We are doing it in small numbers and we are deliberately trying to not call the same people up over and over again.

Second, we are using volunteerism where it makes sense, and I would yield to some of my colleagues to give you examples of where volunteerism has worked beautifully. So it does not work in all cases. It is a tool in our tool box which we are going to use judiciously when we think it makes sense and we are also going to utilize, as we are utilizing, our call-up authority. So I am satisfied. I think we have come a long way.

Mr. LAUGHLIN. I think you see the necessity for the dialogue that is taking place.

Thank you, Mr. Chairman.

Mr. DORNAN. You are welcome. Thanks, Mr. Laughlin.

Mr. Buyer, and then we are going to go to our next panel because we have to give up this room at 2 o'clock.

Mr. BUYER. I will be brief. I have 3 points I would like to make quickly.

With regard to the 24-month call-up, I agree with Mr. Laughlin. That makes me cringe. I think you need the accessibility to those units.

I was a solo practitioner of law. The Army gave me 3 days' notice. I lost everything in 3 days, yet I have never, nor will I ever, pause to calculate what the economic impact was upon my family of that. I think that when I look back, and a good friend of mine is killed, that is probably the rawest thing I would ever do, and I will never do that.

Yet I recognize that the 21st ACOM in Indiana, not only did it go to the Gulf war and return, it is also now in Hungary. I have a friend who also is a practitioner. It takes 3 to 5 years to build a practice. I am sure the same thing is true in medicine. He is over there again.

So I am not callous to the tears of vexation, but I recognize the accessibility issue and I just wanted to make that comment.

Let me, with regard to the numbers of generals here, I look at these numbers and, Ms. Lee, I hear you say, we may agree with this if you increase them for the Reserve but do not take them from the active. Then when I do this comparison of officer strengths between 1945 and 1995, I look at this and say, if we are going to increase them and the demand is there, why do we not take it out of the active to do it?

That may make some people cringe. I mean, I remember here when General McPeak decided to kick the one-stars out of the Pentagon and sent them out across the country. That is a great way to protect your flags, I guess.

I am a good listener here with regard to General Montgomery. As a new member when I came here, I sat and I was a good listener with regard to increasing the Guard Bureau to the third star. I did not know whether or not that should be done or not, and I yield to you. You have the years of experience. Now, I do not know whether that should have been done or not.

So let me ask this question, General Baca. I hear all the time about if you get the third star, it gets you access into certain meetings that you cannot get to, and yet at the same time, now that you have the third star, I have seen no change in regard to, I cannot get the money, I still do not have my equipment, I still have shortfalls. Is the third star worth it or not?

General BACA. Sir, I think what you have here is you have a situation where we have a joint command, not command, but we oversee two separate operations. We see the Army and the Air. I have a two-star general that is now director of the Army Guard and a two-star general that is director of the Air Guard. So for command purposes within the Guard Bureau, it follows that the Chief of the National Guard Bureau then should be a three-star.

With regards to access to different meetings, with regards to access within the building, I think it is very comparable between myself and the other Reserve components.

Mr. BUYER. Do you feel that having the third star has benefitted you in meetings and access in the Pentagon?

General BACA. Yes, I do.

Mr. BUYER. Therefore, that is an endorsement for the other services to also have a third star?

General BACA. Sir, I agree with what you are saying and I agree with the statement that was made earlier by Ms. Lee. I do not think it is a bad idea. I just do not think the timing for it is good, as you are reducing the numbers of enlisted men down below and you are coming down in strength to ask for an increase in grade. It is not a good time to do it.

Mr. BUYER. I would follow that logic——

Mr. MONTGOMERY. Would the gentleman yield?

Mr. BUYER. I will yield in just a second. I would follow that logic, then, to reduce your third star back to a two-star. If it is good for you, then it is good for the others. If it is not good for you, then reduce it.

I will yield to Mr. Montgomery.

Mr. MONTGOMERY. The problem is, this would have me worried. If you raise the others to three-star, then the National Guard is going to insist that General Baca become a four-star.

Mr. BUYER. No. No. [Laughter.]

When they become three stars, you are going to come back here next year and want to be a four-star?

General BACA. Not me. Not me, sir. No. [Laughter.]

I would say that the next Chief should be a four-star.

Mr. BUYER. Are you going to ask Sonny Montgomery to stay?

General BACA. Mr. Buyer, not General Baca, but the next Chief should be a four-star. The Chief of the National Guard Bureau oversees a force of nearly half-a-million people, both Army and Air.

Mr. BUYER. Can I call time out for just a second? This will help me. Why would, if the others become three-stars, why do you feel that the Guard would then have to become a four-star?

Mr. DORNAN. He is going to tell us.

Mr. BUYER. Please.

General BACA. Sir, let me say this. The Guard Bureau Chief is a joint commander. He oversees both Army and Air and has a force in the Army Guard of nearly 400,000 and a force of over 100,000 in the Air Guard, over half a million troops. He oversees more troops and is responsible for more than even some of the other CINC's.

Mr. BUYER. So you want to make General Shepard a three-star and you become a four?

General BACA. The logic that follows, if General Shepard was now a two-star and overseeing a force of 108,000 and General Navas, who now is overseeing a force of nearly 400,000, if they should become three-stars, then the next Chief—not this one—should become a four-star.

Mr. BUYER. All right.

Mr. MONTGOMERY. Do you want to hear from me again? [Laughter.]

Mr. BUYER. On the House floor. I am sorry, Mr. Chairman.

Mr. MONTGOMERY. The Deputy Chief would also become a three-star as a Major General now.

Mr. BUYER. Now I see why, Mr. Laughlin, when this bill got together, why they ended up with so many generals perhaps in the bill.

General BACA. Mr. Buyer, let me make it quite clear. We did not put that provision in or we did not ask for that provision.

Mr. BUYER. I know we have a vote on, Mr. Chairman. Ms. Lee, if we do not have the time to answer this, if you would submit it to us, the Reserve involvement in disaster assistance, I want to make sure I get this clear. Your position, the DOD feels that no additional change in the law is necessary at this time, is that correct?

Ms. LEE. Correct.

Mr. BUYER. And you are familiar with the July 1995 study by the RAND which recommends changing Federal law to authorize the President to use the Federal Reserves? Are you familiar with that report?

Ms. LEE. I am familiar with it, but the President already has the authority is what I believe.

Could I say one last word on this general officer question? Just to clarify, DOD is not requesting more general officers. It was not our idea. Every year, we come to you with certain ideas that we want to try to put forth to improve quality of life and a whole host of other things for the Reserve components. This is not one of them. You will not hear me come and ask for this.

Having said that, we are here commenting on the work of someone else and I have given you reasons why it may be meritorious on the basis of the responsibility that these gentlemen have. But again, I want to clarify that we are not asking for it for the very reason you said. It is a tough sell in an era of downsizing, and I recognize that. We all do.

Mr. DORNAN. Excellent. I have no questions except to ask for a few requests as followup in writing.

General Baratz, would you give me sometime in the next few days a list of all of the engineers that are in the Reserve, both combat and support engineering units in the Reserve, because Secretary Lee made reference to Hurricanes Iniki and Andrew and the Midwest floods and fires that, on a voluntary basis, Reservists were called. The Corps of Engineers does such superb work in my district with the Santa Anna River that I want to find out where these Reserve units are, Army Reserve units, that we could call on if we worked this bill out.

[The information of General Baratz follows:]

House National Security Committee
Military Personnel Subcommittee
Hearing on H.R. 1646 - Reserve Forces Revitalization Act of 1995
March 21, 1996
Insert for the record,
Page 76, Line 1839

The information from Major General Baratz is attached.

United States Army Reserve Engineer Units

Unit Number	Unit Identification	Station Name	State
0813	BN (CBT)(HVV)(-2 CO)	FORT RICHARDSON	AK
0926	BN (CBT)(HVV)	BIRMINGHAM	AL
0926	HHC GP (- AVN SEC)	MONTGOMERY	AL
0489	BN (CBT)(CORPS)(M)	N. LITTLE ROCK	AR
0959	CO (DPTRK)	PINE BLUFF	AR
0375	CO (ASLT)FLTG BRG RIB	FT ORD	CA
0801	CO (PORT CONST)	OAKLAND	CA
0294	DET (DIVING)(LT WT)	SAN DIEGO	CA
0244	BN (CBT)(HVV)	DENVER	CO
0994	CO BRG (PNL)	GRAND JUNCTION	CO
0841	BN (CBT)(CORPS)(WHL)	MIAMI	FL
0718	CO (EQUIP)(CBT SPT)	FT GILLEM	GA
0297	CO (CBT)(HVV)	GUAM	GQ
0411	AUG BN (CBT)(HVV)	FT DERUSY	HI
0411	BN (CBT)(HVV)	FT DERUSY	HI
0475	PLT (FFTG)	CRESTON	IA
0372	HHC GP (- AVN SEC)	DES MOINE	IA
0389	BN (CBT)(HVV)	DUBUQUE	IA
0321	BN (CBT)(CORPS)(WHL)	BOISE	ID
0416	HHC CMD	DARIEN	IL
0863	BN (CBT)(HVV)	DARIEN	IL
0739	CO BRG (MDM)(GIRDER)	E. ST. LOUIS	IL
0376	PLT (FFTG)	GRANITE CITY	IL
0652	CO (ASLT)FLTG BRG RIB	JOLIET	IL
0402	CO (DPTRK)	EDINBURGH	IN
0478	CO (DPTRK)	TERRE HAUTE	IN
0323	PLT (FFTG)	EL DORADO	KS
0482	PLT (FFTG)	FT RILEY	KS
0467	PLT (FFTG)	GARDEN CITY	KS
0487	PLT (FFTG)	WASHINGTON	KS
0728	DET UTIL (4000)	BARDSTOWN	KY
0394	CO (DPTRK)	BARDSTOWN	KY
0478	BN (CBT)(CORPS)(M)	FT THOMAS	KY
0285	CO (EQUIP)(CBT SPT)	BATON ROUGE	LA
0287	DET (PWR LINE)	ATTLEBORO	MA
0468	PLT (FFTG)	HANSCOM AFB	MA
0401	CO (DPTRK)	DEXTER	ME
0996	CO BRG (PNL)	MARQUETTE	MI
0367	BN (CBT)(CORPS)(LT)	ST CLOUD	MN
0683	PLT (FFTG)	PASCAGOULA	MS
0412	HHC CMD	VICKSBURG	MS
0279	DET (UTIL TM)(4000)	MISSOULA	MT
0747	DET (WELL DRILL)	MISSOULA	MT
0379	HHD BN	MISSOULA	MT
0916	DET (WELL DRILL)	BISMARCK	ND
0945	DET (UTIL TM)(4000)	BISMARCK	ND
0308	DET (REAL ESTATE TM)	BISMARCK	ND
0439	HHD BN	BISMARCK	ND
0793	DET (UTIL)(4000)	MINOT	ND
0368	BN (CBT)(HVV)	MANCHESTER	NH

United States Army Reserve Engineer Units

Unit Number	Unit Identification	Station Name	State
0328	CO (LE)(LT)	NORTHFIELD	NJ
0387	CO (PL)(CONST SPT)	ALBUQUERQUE	NM
0052	CO C BN (CBT)(HVV)	SANTA FE	NM
0306	CO (CBT)(HVV)	AMITYVILLE	NY
0305	DET (REAL ESTATE TM)	BROOKLYN	NY
0770	DET 1 CO (CONST SPT)	BULLVILLE	NY
0854	BN (CBT)(HVV)	KINGSTON	NY
0770	CO (CONST SPT)(-)	PENN YAN	NY
0770	CO (CONST SPT)	PENN YAN	NY
0479	BN (CBT)(CORPS)(M)	WATERTOWN	NY
0322	DET (WELL DRILL)	KINGS MILLS	OH
0611	CO (LE)(LT)	SHARONVILLE	OH
0983	BN (CBT)(HVV)	TOLEDO	OH
0353	HHC GP	OKLAHM CY	OK
0671	CO (ASLT)FLTG BRG RIB	PORTLAND	OR
0319	CO (CONST SPT)	BUTLER	PA
0458	BN (CBT)(CORPS)(WHL)	JOHNSTOWN	PA
0332	CO (DPTRK)	KITTANING	PA
0316	DET (PWRPLANT OP&MNT)	KITTANING	PA
0369	PLT (FFTG)	NORRISTOWN	PA
0365	BN (CBT)(HVV)	SCHYKL HV	PA
0448	BN (CBT)(HVV)	FT BUCHANAN	PR
0391	BN (CBT)(CORPS)(LT)	GREENVLE	SC
0844	BN (CBT)(HVV)	KNOXVILLE	TN
0467	BN (CBT)(CORPS)(WHL)	MEMPHIS	TN
0980	BN (CBT)(HVV)	AUSTIN	TX
0420	HHC BDE (CORPS)	BRYAN	TX
0302	CO (TOPO)(- TECH SEC)	CORPUS CHRISTY	TX
0425	DET (WELL DRILL)	DALLAS	TX
0493	HHC GP	DALLAS	TX
0323	CO (EQUIP)(CBT SPT)	FT BLISS	TX
0463	PLT (FFTG)	HOUSTON	TX
0808	CO (PL)(CONST SPT)	HOUSTON	TX
0952	CO (EQUIP)(CBT SPT)	PARIS	TX
0277	CO (CONST SPT)	SAN ANTONIO	TX
0348	DET (UTIL TM)(4000)	WACO	TX
0352	CO (DPTRK)	YOAKUM	TX
0299	CO (ASLT)FLTG BRG RIB	FT BELVOIR	VA
0760	CO (EQUIP)(CBT SPT)	MARION	VA
0409	CO BRG (MDM)(GIRDER)	EVERETT	WA
0659	CO (CONST SPT)	SPOKANE	WA
0314	DET (PWRPLANT OP&MNT)	TACOMA	WA
0907	PLT (FFTG)	YAKIMA	WA
0397	BN (CBT)(CORPS)(M)	EAU CLARE	WI
0327	CO BRG (PNL)	ELLSWORTH	WI
0336	PLT (FFTG)	HURLEY	WI
0336	DET (PWR LINE TM)	HURLEY	WI
0961	BN (CBT)(HVV)	MILWAUKEE	WI
0459	CO (ASLT)FLTG BRG RIB	CLARKSBURG	WV
0463	BN (CBT)(HVV)	WHEELING	WV
0461	CO (PL)(CONST SPT)	CASPER	WY

Mr. DORNAN. Then if my staff will help me with this, on my sheet here, let us put down exactly, to clarify what General Baca was talking about, exactly to the 500 number how many in the Air Guard and Army Guard you have under you, and then how many Admiral Hall has, to the 500 number, just off the top of your heads before you leave, as you depart the room.

[The information of General Baca and Admiral Hall follows:]

House National Security Committee
Military Personnel Subcommittee
Hearing on H.R. 1646 - Reserve Forces Revitalization Act of 1995
March 21, 1996
Insert for the record,
Page 77, Line 1850

The information from Lt. General Baca is as follows:

The end strength of the Army National Guard, to the nearest 500, is 369,500.

The end strength of the Air National Guard, to the nearest 500, is 109,500.

House National Security Committee
Military Personnel Subcommittee
Hearing on H.R. 1646 - Reserve Forces Revitalization Act of 1995
March 21, 1996
Insert for the record.
Page 77, Line 1850

The information from Rear Admiral Hall is as follows:

The end strength of the United States Naval Reserve to the nearest 500 is 98,500.

Mr. DORNAN. I do not think we have ever had so many stars in this committee room ever in the history of this building, which shows how important Guard and Reserve issues are. That means that we have never had so much valor and honor represented in this room. I am truly honored to have all of you here.

With that, I will dismiss this first panel. We will recess for this vote and then we will come back with not a 10-star panel but a 20-star panel. Of course, you are a 5-star, Debbie, so that made this a 15-star panel.

Ms. LEE. Thank you.

Mr. DORNAN. We are in recess.

[Recess.]

Mr. DORNAN. The Subcommittee on Military Personnel is back from the voting recess. We are sorry, but they threw a double vote at us, ladies and gentlemen.

Introductions for panel No. 2, and I will repeat what I closed with. We have never had so many stars fall upon this humble subcommittee room and we are honored. Gen. Joseph W. Ralston, Vice Chairman, Joint Chiefs of Staff, former Commander of Air Combat Command, a job that no one wants to leave readily, the No. 2 man in that slot after my good friend Michael Low. We have Gen. Ronald H. Griffith, Vice Chief of Staff of our U.S. Army; Adm. Jay L. Johnson, Vice Chief of Naval Operations; Gen. Thomas S. Moorman, Jr., son of an Air Force general, Vice Chief of Staff of the Air Force; and Gen. Richard D. Hearney, Assistant Commandant of the U.S. Marine Corps.

I think you are all making your first appearance before certainly this subcommittee. Have you appeared before the full committee yet in 1996?

[All shook heads no.]

Mr. DORNAN. Welcome to the Hill for this year.

As with the first panel, I understand that General Ralston will make the only formal opening statement. However, following that and before we open the floor for questions, I will offer each of the service Vice Chiefs an opportunity to make a short opening statement.

General Ralston, you may begin, sir.

STATEMENT OF GEN. JOSEPH W. RALSTON, VICE CHAIRMAN, JOINT CHIEFS OF STAFF; ACCOMPANIED BY GEN. RONALD H. GRIFFITH, VICE CHIEF OF STAFF OF THE ARMY; ADM. JAY L. JOHNSON, VICE CHIEF OF NAVAL OPERATIONS; GEN. THOMAS S. MOORMAN, JR., VICE CHIEF OF STAFF OF THE AIR FORCE; AND GEN. RICHARD D. HEARNEY, ASSISTANT COMMANDANT OF THE MARINE CORPS

General RALSTON. Good afternoon, Mr. Chairman and members of the committee. I would like to thank you for this opportunity to testify on a matter of importance to all of us and that is our Reserve components.

I would like to present to you the joint perspective regarding the proposed legislation to revitalize the Reserves. Although there are some service-unique features which may be addressed by the individual service Vice Chiefs with me today, I will try in this statement to represent the views of the Chairman of the Joint Chiefs

of Staff and myself, as well as the other Chiefs and the Combatant Commanders in Chief. Our focus is on joint total force capability and we appreciate the opportunity to appear before you today.

We absolutely support the purpose of this bill, which is to recognize the realities of the Reserve component partnership in the total force. We also applaud your efforts and initiatives to provide benefits and protection to our Reserve soldiers, sailors, airmen, and marines.

As this panel well recognizes, the National Guard and Reserves have consistently proven our value and we could not do our job around the world today without the great support that we are receiving. Of the more than 50,000 troops that we have deployed today, over 7,000 are from the Reserve component. Simply put, we need the Reserve and National Guard to do our mission. We, therefore, are very sensitive to any changes that might adversely affect our ability to successfully call upon our Reserve components.

We must do all we can to keep the Reserves strong and vibrant, and in ways that enhance our ability to access them when we need them and to integrate them seamlessly with our active forces for the missions at hand. By seamlessly, we mean that combatant commanders must see no difference between the capabilities and readiness of the active and Reserve forces assigned to them. Reserve forces must never be the weak link in the operations.

Use of the Reserve components must not cloud or complicate the CINC's lines of command and control. These clear command relationships are best achieved by training together as much as possible before a conflict so they operate together as a team when they deploy and fight. The Total Force must train and work together to ensure peak readiness and confidence in mission accomplishment.

In light of these considerations, there are aspects of the bill as drafted which we believe would strengthen our joint and total force capabilities. Codifying the Reserve commands along individual service needs recognizes the increased contribution of the Reserves and would formalize many of their roles and responsibilities. Giving the President Reserve call-up authority for domestic emergencies increases flexibility in their utilization. Finally, establishing some quality of life benefits and adequately funding them would enhance the lives of Reservists and their families when called upon to serve.

While the proposed bill contains many beneficial changes, some aspects of the bill are inconsistent with the successful enhancements made to joint warfighting by the landmark Goldwater-Nichols Act. As written, the bill adds restrictions to Reserve accessibility and increases operational security concerns. It adds to the administrative burdens associated with contingency responses, where the timeliness of our actions may make the difference between an operation's success and failure.

Further, the language establishing the Reserve command structures could isolate Reserve forces from the combatant commanders for whom they will serve in military operations. Finally, the proposed programmatic relationships in this bill could move Total Force resourcing policies away from the integrated approach we have established during the past decade.

In short, these provisions, as drafted, could steer us away from rather than toward the integration of our Reserves into an effective joint total force. In our view, these provisions can and should be addressed.

In summary, our Reserve components offer us important and affordable capabilities to respond to potential crises threatening our national security. As we face continuing worldwide operations with declining resources, our Reserve forces are absolutely essential. The continued effectiveness of American military power requires adherence to practices that seamlessly integrate our active and Reserve forces.

We applaud the bill's stated purpose and its focus on making the Reserve as strong and capable as possible in our total force structure. We urge you to reconsider the portions of the proposed legislation we have discussed and make appropriate changes that will preserve its full integration into the Total Force.

We are ready to respond to any questions that you or the committee may have.

[The prepared statement of General Ralston follows:]

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MILITARY PERSONNEL SUBCOMMITTEE

STATEMENT OF

GENERAL JOSEPH W. RALSTON, USAF
VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

BEFORE THE
HOUSE COMMITTEE ON NATIONAL SECURITY
MILITARY PERSONNEL SUBCOMMITTEE
MARCH 21, 1996

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HOUSE COMMITTEE ON NATIONAL SECURITY
MILITARY PERSONNEL SUBCOMMITTEE

INTRODUCTION

Good morning, Mr. Chairman, and members of the committee. Thank you for this opportunity to testify before your committee on a matter of importance to all of us--our Reserve Component.

I will present to you the Joint perspective regarding the proposed legislation to revitalize the Reserves (specifically, the version of HR 1646 dated 13 February 1996). Although there are some Service-unique features which may be addressed by the individual Service Vice Chiefs with me today, I will try in this statement to represent the views of the Chairman of the Joint Chiefs of Staff and myself, the Joint Chiefs of Staff, and the Combatant Commanders in Chief (CINCs). Our focus is on joint, Total Force capability, and we appreciate the opportunity to appear before you today to address this very important piece of legislation.

We absolutely support the purpose of this bill, as expressed in Section 102, to recognize the realities of Reserve component partnership in the Total Force. We also applaud Mr. Laughlin's efforts and initiatives to provide benefits and protection to our Reserve soldiers, sailors, airmen, and Marines.

JOINT AND TOTAL FORCE CONSIDERATIONS

We wholeheartedly support the Reserve Components and the Total Force Policy. The National Guard and Reserves have consistently proven their value and we could not do our job around the world today without the great support that we are receiving. Of the more than 50,000 troops we have deployed today, about 6,000 are from the Reserve Component. Simply put, we need the Reserve and National Guard to do our mission. We, therefore, are very sensitive to any changes that might affect our ability to call upon our Reserve Components.

We know that future conflicts, like those in the recent past, will be joint force operations requiring employment of the Total Force. We must do all we can to keep the Reserves strong and vibrant, and in ways that enhance our ability to access the Reserve Component when we need them and to integrate them seamlessly into our Active forces for the missions at hand.

By "seamlessly," we mean the Combatant Commander must see no difference between the capabilities and readiness of the Active and Reserve forces assigned to him. Reserve forces must never be the weak link in operations. Use of

the Reserve components must not cloud or complicate the CINC's lines of command and control. These clear command relationships are best achieved by training together as much as possible before a conflict so they operate together as a team when they deploy and fight. The Total Force must train and work together to ensure peak readiness and confidence in mission accomplishment.

SUPPORT FOR THE BILL

In light of these considerations, there are aspects of HR 1646 as drafted which, we believe, would strengthen our joint and Total Force capabilities. Codifying the Reserve Commands along individual Service needs recognizes the increased contribution of the Reserves and would formalize many of their roles and responsibilities. Giving the President Reserve call-up authority for domestic emergencies increases flexibility in their utilization. Finally, establishing some quality of life benefits and adequately funding them would enhance the lives of reservists and their families when called upon to serve.

JOINT CONCERNS

However, any restructuring of Reserve accessibility, command, or programming must enhance the integration, not the separation, of the components of the Joint Total Force.

JOINTNESS AND THE PROPOSED LEGISLATION

While the proposed HR1646 contains many beneficial changes, some aspects of the Bill are inconsistent with the successful enhancements made to joint warfighting by the landmark Goldwater-Nichols Act. As written, the bill adds restrictions to Reserve accessibility and increases operational security concerns. It adds to the administrative burdens associated with contingency responses, where the timeliness of our actions may make the difference between an operation's success or failure. Further, the language establishing the Reserve Command structures could isolate Reserve forces from the Combatant Commanders for whom they will serve in military operations. Finally, the proposed programmatic relationships in this bill could move Total Force resourcing policies away from the integrated approach we have established during the past decade. In short, these provisions of HR 1646 as drafted could steer us away from, rather than toward, the integration of our Reserves into an effective Joint, Total

Force. In our view, these provisions must be corrected before we can support this proposed bill. I will address each of these in greater detail.

ACCESSIBILITY

We have concerns about the limitations the proposed bill places on accessibility to Reserve forces over the entire range of military contingencies. First, and foremost, is the proposed requirement for notification to Congress forty-eight hours in advance of a Reserve call-up. We have consistently opposed this feature of the proposed bill because it increases the lead time required to respond to emergencies on short notice with our Reserves. Also, the corresponding public congressional notification process may jeopardize operational security by signaling our military intentions in a crisis.

Second, the bill adds language which suggests limitations on access to Reserve forces unless comparable Active forces are unavailable. This restricts our access to Reserve forces to reinforce Active component capabilities, and could have significant implications on our permanent force structure and our ability to support the National Military Strategy. I recommend these aspects of the

proposed bill to be adjusted as you consider this legislation.

COMMAND RELATIONSHIPS

Of equal concern are those aspects of the bill that reverse the simplified joint, total force command relationships established by the Goldwater-Nichols Act. While we have taken no position on the establishment of separate Reserve commands, we do object to any structure that blocks the assignment of Reserve forces to the combatant commands.

Assignment of Reserve forces to the combatant commands, and the statutory command authority of CINCs over their assigned forces, is necessary for the CINCs' training and readiness oversight of Reserve forces not on active duty. The CINCs must have this joint training and readiness oversight to integrate the Reserve components effectively into the total forces available to their commands. The proposed language of the bill should be restated to ensure that Reserve forces will continue to be assigned to the combatant commands, as under current law. This position is consistent with provisions already in the law pertaining to

the Army Reserve Command. In reality, this language works today to blend the active and reserve force.

TOTAL FORCE PROGRAMMING

Finally, the bill establishes separate Reserve procurement accounts and restricts reprogramming of Reserve funding, both of which act to separate Active and Reserve forces, rather than to establish one integrated, seamless total force. Today we rely on the Reserves, and we work hard in support of their readiness. To that end, our current procurement policies emphasize total force needs, equipping our units, Active and Reserve, with common, interoperable equipment and weapons systems. To do otherwise risks inefficient procurement practices, non-standard systems, and fractured fighting forces in time of crisis.

We believe separating the procurement efforts will require separate acquisition infrastructures, and will engender more competition for resources in an already tight fiscal picture. This seems to offer no advantages over current acquisition and PPBS practices, and would seem to hinder total force integration.

CONCLUSION

In summary, our Reserve components offer us important and affordable capabilities to respond to potential crises threatening our national security. As we face continuing world-wide operations with declining resources, our Reserve forces are absolutely essential. The continued effectiveness of American military power requires adherence to practices that seamlessly integrate our Active and Reserve forces. We applaud HR 1646's stated purpose and its focus on making the Reserve as strong and capable as possible in our Total Force structure. We urge you to reconsider the portions of the proposed legislation we have discussed, and make appropriate changes that will preserve its full integration into the Total Force. We are ready to respond to any questions you or the committee may have.

Mr. DORNAN. Thank you, general. Do any of the other general officers or Admiral Johnson want to make any other additional comments?

[No response.]

Mr. DORNAN. I have a statement here for the record from the Marine Corps. It will be submitted for the permanent full record.

[The prepared statement of General Hearney follows:]

MARINE CORPS ADDENDUM
TO THE STATEMENT
OF
GENERAL R. D. HEARNEY
BEFORE THE HOUSE NATIONAL SECURITY COMMITTEE
HEARING ON HR 1646

GENERAL:

• **Problems and Concerns Mitigated by HR 1646.**

For the Marine Corps, the most compelling provision of HR 1646 increases rank of the Reserve Force Commander to three stars and provides for an increased number of Reserve general officers (10 to 16). Goldwater-Nichols focused the military on jointness and since the draw down began, more emphasis has been placed on Reserves. Force Component Commander responsibility and resourcing parity demands three star representation. The Department is currently developing legislation to address additional general officer billet requirements. Increased demand on Reserves with too few General Officers to meet joint requirements must be part of this proposal.

HR 1646 will not significantly alter the way the Total Force Marine Corps operates (plans and prepares for war). HR 1646 does not change our most basic requirement to train Marines and win wars.

- **Impact on Seamless Force.**

The traditional roles of the Marine Corps Reserve are to seamlessly augment and reinforce Active Component forces. Augmentation provides trained and equipped units, detachments, or individuals of the Active Component to bring their structure to the level required for war or other national emergency. Reinforcement provides similar assets to provide depth, replacements, or capabilities not readily available in the Active Component force. Seamless augmentation and reinforcement roles require that we organize, train and equip our Reserve units like our Active Component units.

To fight and win is embedded in our mission. The mission of the Marine Corps Reserve is to provide trained units and qualified individuals to be available for active duty in time of war, national emergency, and at such times as national security may require. We maintain that, overall, HR 1646 should provide maximum flexibility and should not hinder our ability to access our Reserves or impede integrated Active/Reserve acquisition and procurement processes.

ORGANIZATIONAL:

- **Reserve Commands.**

The Marine Corps established a separate Reserve command in 1992. The establishment of the Marine Reserve Force is the first time Reserve General Officers were in command of the 4th Marine Division and 4th Marine Air Wing. In 1994, then Commandant of the Marine Corps, General Carl E. Mundy Jr., directed that the title of the Marine Reserve Force be changed to Marine Forces Reserve. The redesignation made Marine Forces Reserve equal to and consistent with the Active Component Marine Forces Atlantic and Pacific. The change was more than

symbolic. It affirmed our commitment to the seamless integration of Active and Reserve Components into the Total Force Marine Corps.

The major commands of the Marine Forces Reserve include the 4th Marine Division, the 4th Marine Aircraft Wing, the 4th Force Service Support Group, and the Marine Corps Reserve Support Command. The Division, Wing and Force Service Support Group are the largest segments of the Selected Marine Corps Reserve. The structure of the Marine Forces Reserve operating forces is organized specifically to meet mobilization missions. The structure parallels that of the Active Component. When fully mobilized, the Selected Marine Corps Reserve represents about 25 percent of the Marine Corps combat power available to the National Command Authorities. We do not anticipate that HR 1646 will alter the Marine Forces Reserve command of our Reserve assets.

- **Command Relationships.**

By law, the Commandant of the Marine Corps is responsible for recruiting, organizing, supplying, equipping, training, servicing, mobilizing, demobilizing, administering, and maintaining the Marine Corps. In this regard, the relationship between the Commandant and the Commander, Marine Forces Reserve is identical to that with the Commander, Marine Forces Atlantic and the Commander, Marine Forces Pacific, which supports the capability and readiness of the Total Force. All our Reserves, with the exception of approximately 300 Active Reserves (AR), are under the administrative control of the Commander, Marine Forces Reserve. Operational control of all Reserves with the exception of these 300 ARs and approximately 2,400 Individual Mobilization Augmentees also belongs to the Commander, Marine Forces Reserve. This dual responsibility enables the Commander, Marine Forces Reserve to ensure that all members of the

Reserve are trained and ready to execute the mission of augmenting and reinforcing Active Component forces.

- **U.S. Marine Corps Reserve General Officers.**

We are examining our support of emerging requirements from the Unified Commands, and the Commanders, Marine Forces Atlantic and Pacific. We are continuing to monitor these requirements to ensure all priorities are adequately addressed. The provision in HR 1646 to increase the number of Reserve general officers to 16 will enable us to meet existing and emerging requirements. In 1991, the Hay Group conducted a study and determined that the Marine Corps Reserve required 14 general officers. That study was conducted at a time of far less emphasis on jointness and prior to the establishment of Marine Forces Reserve.

During FY95, Marine Reserve General Officers served an average of 120 days on active duty. Three of our Reserve Component General Officers are currently working in joint assignments with U.S. Atlantic Command, U.S. Transportation Command, and the Office of the Secretary of Defense, Deputy Assistant Secretary of Defense/Chief of Staff for Reserve Affairs. A fourth is awaiting approval of assignment to U.S. Pacific Command. Additional requirements for Reserve general officers have been identified at Marine Forces Atlantic and Marine Forces Pacific to fill positions like General Kuklok, Commanding a MEF Forward in support of JCS exercises worldwide. Emerging requirements to place Reserve general officers in joint billets and in conjunction with Congressional emphasis on the revitalization of Reserve forces, we are requesting an increase in the statutory ceiling on the number of general officers authorized for the Marine Corps Reserve. When comparatively viewed, the Marine Corps Reserve ratio of general officers to end-strength is substantially lower than the Department of Defense average.

• **General Officer Exemption.**

We have proposed that the Commander, Marine Forces Reserve be a Lieutenant General. The Active Component Commanders of Marine Forces Atlantic and Marine Forces Pacific are both currently Lieutenant Generals. This request creates rank parity among the Marine Force Commanders with component resourcing and training responsibilities.

We feel an exemption or addition to the statutory limit of Lieutenant Generals is necessary and justified given the general officer requirements levied on the Marine Corps. From the current Active General Officer allocation of 68, we must fill 61 internal billets within our Service headquarters and operating forces as well as approximately 16 joint /external billets.

• **Reserve Commander's Responsibilities.**

The Commandant of the Marine Corps Title 10 responsibilities include Marine Corps Reserve procurement. If we are to remain a viable Total Force Marine Corps, it is essential that this and other responsibilities remain consolidated.

The Marine Corps Reserve has the same modern equipment as our Active Component. Equipment parity is attributable to our use of the Total Force Combat Development Process (CDP) to ensure Total Force warfighting capabilities. The CDP results in concept development, deficiency identification, and requirement determination. Equipment solutions to validated deficiencies are only considered when they represent the greatest return on investment. Equipment is procured under the Total Force Marine Corps single Acquisition Objective (AO), i.e., one buy for Active and Reserve. The AO addresses all initial issue and planned sustainability requirements for Active and Reserve units.

Marine Corps Program Managers (PM) obtain funding for validated equipment deficiencies by using the AO in the Planning, Programming, and Budgeting System. This ensures all Active and Reserve equipment deficiencies are considered equally during the Department of the Navy Program Objective Memorandum.

The AO is also used during the development of the Users Logistics Support Summary (ULSS). The ULSS delineates the fielding of equipment throughout the Marine Corps for a specific item of equipment. Our policy of horizontal fielding, within fiscal constraints, ensures the maintenance of tactical and logistics support, as well as communication interoperability.

We do not desire to change any aspect of our procurement processes because any change would diminish the success of our Total Force policy.

MISSION AND ACCESSIBILITY:

- **Presidential Recall for Natural Disasters.**

Current policy at the National level addresses the use of the Reserve Components for non-traditional missions and taskings. These missions include humanitarian and disaster relief operations, counter-narcotics operations, peacekeeping operations, crisis response, and civil disturbance operations. We welcome the training and readiness opportunities afforded by these missions, provided they are not detrimental to our warfighting readiness. Our challenge is to continue our emphasis upon improving our warfighting capability to meet conventional threats, while seizing opportunities to contribute to nontraditional missions.

The Marine Corps supports the provision in HR 1646 that addresses the Presidential Authority and allows for activation of Reserves, "when necessary to provide Federal disaster relief

to a State, when the governor of that State certifies that National Guard capability is insufficient to meet the demands of the disaster, and when such activation is requested by the Governor of the State through the Federal Emergency Management Administration." However, we do not feel that this provision is necessary because existing mechanisms are adequate to meet the demands of natural disasters. In every domestic emergency our country has encountered, our Marines, Regular and Reserve, were there to assist. We do not see our involvement in these events changing.

• **Presidential Partial Mobilization Authority and 48-hour Notification.**

We believe that current Title 10 provisions are sufficient with regard to Presidential recall authority and provide him with necessary flexibility in decision-making. The President's partial mobilization authority should not be restricted to those situations where it is determined that a need exists to augment the Active Force. This restriction undermines the President's authority as Commander-in-Chief and restricts his ability to access the Reserve. Similarly, a requirement that the President provide Congress 48 hours prior notice of his intent to order Presidential Selected Reserve Recall Authority, as well as submission of written estimates of employment and service, would place undue limits on the President's authority and result in unwarranted delays in the recall of the Reserve in an emergency or crisis.

We will continue to be creative in our planning to employ the Reserve Component. Our planning goal is to intelligently utilize the Reserve Component while concurrently maintaining our combat readiness and efficiency. We seek peacetime service and training opportunities that will help to enhance our warfighting readiness.

RESERVE RESOURCES:

- **Limitation on Transfer of Funds.**

Funds appropriated for the Reserve are already dedicated for exclusive use by the Reserve, and current law adequately restricts reprogramming. Excess funds appropriated for the Reserve can be used to offset unfunded Reserve requirements, but may not be reprogrammed to support the Active Component without congressional approval. The proposed legislation would hamper the flexibility of the Commandant to manage his resources most effectively in support of the Total Force.

- **Annual Report to Congress.**

There is no requirement for an additional report addressing Reserve component resource shortfalls. This information exists in reports already provided by the Department of Defense, including the Secretary of Defense Annual Report to Congress, the National Guard and Reserve Equipment Report to Congress, the Reserve Forces Policy Board Annual Report, the Force Readiness Assessment to Congress, and the Joint Military Net Assessment.

RESERVE FORCES SUSTAINMENT:

- **Desirability and Cost of Proposed Sustainment Initiatives.**

Initiatives that benefit our Reservists ultimately enhance readiness, and thus have our full support. We must be cautious, however, of initiatives that may result in new, unprogrammed costs to the Reserve Component, and whose potential benefit may be offset by their impact on training or equipment dollars.

Elimination of Distinctions Based on Length of Active Duty.

We do not believe there is a requirement to eliminate all distinctions in pay and benefits based on length of active duty service, and have reservations concerning the costs and administrative burden that could result from such action. The ability of existing facilities, e.g., medical treatment facilities to absorb such a change must be assessed. The costs--potentially millions of dollars--have not been programmed or budgeted, and would impact on other vital programs. The potential of additional costs and administration of such changes could adversely influence the willingness of force planners and operators to rely on Reserve forces.

Mr. DORNAN. My Vice Chairman here, Mr. Pickett of Virginia, do you have any opening questions or statements for this panel?

Mr. PICKETT. Mr. Chairman, thank you. I want to welcome our witnesses here today.

There is one item that is not directly related to the matter at hand, but since Admiral Johnson is in a position to respond to the committee on this, Mr. Chairman, you may recall last year the issue of spot promotion in the Navy that came up as a matter in the conference with the Senate.

I think it would be helpful, admiral, if we could have a statement from you on behalf of the Navy about why this program is necessary or why the Navy believes it is necessary for their operations, whether it enhances the efficiency of Navy operations, whether you see it as a way to reduce your outlay in conducting your outlays, and what alternatives you may have to resort to in the event you are not allowed to continue with the spot promotion programs. If you would answer that for the record, I would appreciate it.

[The information of Admiral Johnson follows:]

VICE CHIEF OF NAVAL OPERATIONS

2000 Navy Pentagon
Washington, DC 20350-2000

18 April 1996

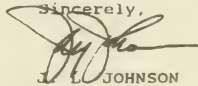
Dear Mr. Pickett,

Thank you again for the opportunity to testify before the Committee on National Security on March 21, 1996, concerning the Reserve Force Revitalization Act (H.R. 1646).

Following my testimony, you submitted to my office several questions for the record. Enclosed are the responses to your specific questions.

I trust this information is helpful. If I may be of further service, please contact me.

Sincerely,

J. L. JOHNSON
Admiral, U.S. Navy

Thanks so much for your support of me. JLP

The Honorable Owen B. Pickett
House of Representatives
Washington, D.C. 20515-4602

Enclosure

Copy to:
The Honorable Robert K. Dornan
Chairman, Committee on National Security

CONTINUATION OF SPOT PROMOTION AUTHORITY

Q: Why is the Spot Promotion Program necessary?

A: The Chief Engineer's job is in many cases Navy's most demanding Department Head assignment. Fleet readiness and safety, including reactor safety on nuclear powered ships, demand only the "best of the best" be assigned. Navy has a shortage of qualified lieutenant commanders to fill these billets in both the Surface and Submarine communities. Spot promotions provide the appropriate compensation, recognition, authority and retention incentive for the lieutenants sent to these critical billets. Navy has looked closely at alternatives such as bonuses or major changes to career paths and tour lengths, and none meet the need as effectively or efficiently.

Q: How does the Spot Promotion Program enhance fleet effectiveness and efficiency? How will Navy operations suffer if spot promotion authority is not extended?

A: The qualifying positions are those where the responsibility, authority and accountability are appropriate for a lieutenant commander. For example, half of the officers subordinate to those in many eligible billets are usually lieutenants. If the program is not continued, Navy will be forced to fill these assignments with lieutenants without temporary promotion. This could seriously jeopardize the readiness of our ships. Another impact would be a drop in junior officer retention. A study conducted by the Navy Personnel Research and Development Center on the effects of Nuclear Officer Incentive Pay on nuclear trained junior officer retention concluded that a \$3000 decrease in pay would result in a 5% drop in retention. Because spot promotions target the top lieutenants, the likely retention drop resulting from eliminating this authority would primarily come from these quality officers.

Q: How does this program reduce fiscal outlays (i.e., what would be the financial cost if a bonus program is substituted in place of the Spot Promotion Program)?

A: Spot promotion is very cost effective. Spot promoted lieutenant commanders are counted against Navy's total DOPMA control, so it results in no increase in the total number of officers in the higher grade. Spot promoted officers are also several years junior to regular lieutenant commanders, so their salaries are actually lower than those that they numerically displace.

A bonus program would be more costly. To be as effective, a bonus would need to make up at least the present difference in pay between lieutenant and lieutenant commander. The following table shows this pay differential for a married officer with eight years service:

	Base Pay	Basic Allowance for Quarters	Total
Lieutenant Commander	\$3290	\$646	\$3936
Lieutenant	\$3168	\$517	\$3685
Difference	\$122	\$129	\$251/month

In this example, spot promotion provides \$251 per month, or \$3012 per year, in retention incentive and additional compensation. An equivalent bonus for 200 officers would cost an additional \$602,400.

Q: What alternatives or options are available as a substitute for the Spot Promotion Program?

A: Special bonuses, major changes in career paths, changes in promotion practices, and changes in the billet designations are potential alternatives. Each fails to provide one or more of the benefits of spot promotion, or would be too disruptive to overall officer management. A special bonus would be more costly, and would fail to provide the increased authority inherent in spot promotion. Major changes to career paths would be disruptive to a proven formula for success, and very possibly disadvantage engineering officers when competing for promotion. Changes to promotion policies, such as increased below zone promotions, would need to target only engineers to serve as a replacement to spot promotion. This would be unfair to the non-engineering (majority) portion of Navy's officer corps. Downgrading the billets to lieutenant would reduce the level of authority and effectiveness of the officers assigned to these demanding jobs, with the inevitable effect of reducing fleet engineering readiness.

Q: How does the program effect or alter the normal promotion system as regards selection boards and Senate confirmation?

A: This process does not alter the regular promotion system. Approximately 100 officers are selected each year by a board convened by the Secretary of the Navy and chaired by a flag officer. The board proceedings are the same as all other Navy promotion boards. The legislation delegates to the Secretary the authority to effect the promotion directly. Selected officers then retain their spot promotion only while serving in the qualifying billet. Their records subsequently go before the normal selection board alongside their peers'.

Over the past three years, officers have averaged 9 months from spot promotion until selection by the normal promotion process. They then wait an additional 10 months following the lieutenant commander selection board, on average, until permanent promotion. An officer is therefore

spot promoted for an average of 19 months. The last three lieutenant commander selection boards considered a total of 143 spot promoted officers. 137 were selected, and 6 failed of selection (96% opportunity). One selected officer was below the zone (0.7%).

Spot promotions do have a small impact (about one month) on the average lieutenant commander flow point. Navy promotion planning is based on selecting only the number of officers needed to fill vacancies in the upcoming Fiscal Year. As a part of the vacancy determination process, planners subtract out the anticipated number of spot promoted lieutenant commanders on 30 September. Because many of these officers are selected for permanent promotion and still serving in spot billets, the number of vacancies "blocked" by spot promoted officers is about 100/year. Navy will promote, on average, 750 officers to lieutenant commander each year. Spot promotions therefore account for about 13% of the total vacancies available.

Phasing of those selected for permanent promotion is accomplished independent of spot promotions. The DOPMA grade tables regulate strength at the end of the Fiscal Year. Consequently, excursions are allowed throughout the year to accommodate new accessions, etc. Unlike other Services, Navy promotion plans select only the number of officers necessary to fill all vacancies with no excess of officers waiting to be promoted when the Fiscal Year ends. To accomplish actual promotion through the year, the "40/60" phasing plan promotes officers to fill vacancies, approximating the pattern of losses due to retirements, etc., and minimizing costs of salary increases. All officers selected could be promoted on 1 October each year, but Navy does not do this for fiscal reasons. 40% of those selected are promoted in the first 8 months, and 60% (15%/month) in the final 4 months. Spot promoted officers are promoted independent of this phasing, and the total number of officers in each grade are monitored as the end of the year approaches to avoid exceeding DOPMA field grade limits.

Spot promoted officers, then, are not moved "to the front of the line" in the phasing plan, delaying the promotions of those selected by the normal board process. However, under this system, those vacancies that could have been used if there were no Spot Promotion Program delay a small number of officers from entering the promotion zone. This will delay their selection by a year, but only delays their actual promotion by about one month, from September of one Fiscal Year to October of the next. It has no impact on promotion opportunity.

Mr. PICKETT. To all of our witnesses today, I think we all feel the stress, and maybe stress is too strong a word, but the challenge, perhaps, to make the total force concept work, and whenever you are in a period of transition, you are only in one posture for a short period of time and you move on to something else. I think all of us recognize that we are continuing to move to complete the implementation of the total force concept.

I applaud Congressman Laughlin for coming forward with this legislation because it certainly gives us an opportunity to debate how best to manage the overall total force and what, if anything, may be desirable to be done to make it work better.

Some of you may have been here during the previous panel, and I voiced the concern about whether it is a reality or just a perception. In many instances, the Reserve forces do not feel that they get the resources they need to carry out their responsibilities, and in some cases, they feel that perhaps resources that are designated for the Reserves and Guard do not get there.

If you would care to comment on whether you think that some management structure needs to be adjusted, tweaked, whatever, to better overcome or better deal with this issue, and you may not see it as a problem; but if it has come up, as Congressman Laughlin said, it has come up in some of his experience and it has come up in some of mine in talking with people out in the field. Maybe you can give us some insights on how best to deal with this issue.

I thank you very much.

General RALSTON. Mr. Pickett, maybe what I would suggest is that the services' Vice Chiefs address that particular issue. We can start with General Hearney.

General HEARNEY. Sir, on the procurement issue, we are a total force, and as Ron Richard said before, our acquisition objectives include the Reserves in that number and the procurement process certainly has the Reserves there. There are unfilled requirements both on the active and the Reserve side. Our goal is to go towards common-end items and have a completely seamless full force approach, and that is exactly what we are doing in all of our equipment. Overhauling it, I do not think is necessary at this point in time, sir, or changing the process that we have.

General MOORMAN. Congressman Pickett, the Air Force would oppose any special management structure because we think the system works very well today, and the reason it works well is that the head of the Guard and chief of the Reserves report directly to the Chief of Staff and, therefore, directly advise him. But equally significant, they are directly involved. They have a seat at the table for all procurement, equipment, force structure kinds of decisions.

Having said that, the best proof of all that is the fact that our Guard and Reserves are totally seamless and they have the same equipment as our active duty. When a CINC requests something from the Air Force, he does not ask for an active duty F-16 activity. He asks for an F-16 activity, and we have lots of Guard and Reserve folks in the four or five contingencies that we have ongoing.

One other thing I think I would comment on, at least for the Air Force, some statistics were floated earlier in the earlier hearing about the amount of procurement dollars that is going to the Guard

and Reserve. That is a little bit misleading in the Air Force because the Air Force active duty element procures the Guard and Reserve's airplanes, for example, and transfers them. The only one that I can remember in the Air Force program different to that was the C-130.

Mr. PICKETT. General Griffith?

General GRIFFITH. Sir, I would certainly acknowledge that the perception that we have under-resourced the Guard and Reserve in the Army, most particularly, I think, is real. It is a real perception, and I think that there has been some merit to that in the past and we are trying our very best to overcome that.

I do not believe we need structural changes beyond some that we have already made recently. Alluded to in earlier testimony was the fact that we have six major panels that we work with in the Army, in the Guard, and the Reserve for programming purposes and they are represented in all those panels. I think that they are going to benefit even greater in the future as a result of that participation.

The point I would make, sir, with regard to the equipping of the force, which I think is largely a major concern, is we have a policy of first to fight, being priority for equipment. If you look at the way the Army is organized, we cannot go to war—we cannot even perform our daily operational missions without involvement of the Reserve and Guard Forces. I am confident in telling you that you will find that there will be Guard and Reserve units in the Army that will be equipped with more modern equipment than later-deploying active units because of the way they deploy in the various contingencies that we envision.

I would also go back and reiterate the point I made at the outset, and that is there is a perception and we need to work that perception but I do not think we need structural changes, sir, to accommodate that.

Mr. PICKETT. Admiral Johnson?

Admiral JOHNSON. I would agree with the thrust of what has been said, Mr. Pickett, and tell you that Admiral Hall, the director of our Naval Reserve, is a full partner in all of the deliberations that have to do with procurement. He is fully invested in that. So we think the system works the way it is now.

The equipage piece is as important to the Reserves as it is to the active force, but from a total force perspective, I would cite the example of HCS-4, the Helicopter Combat Support Squadron 4 there in Norfolk, which is presently forward deployed on U.S.S. *George Washington*. That is the second rotation they have made that I am aware of and the reason they are there is because they have the newest and best HH-60's and we need more of them than we have in the active force. So we feel that the flow is very appropriate and we are very proud of the total force application.

Mr. PICKETT. Thank you. Thank you, gentlemen.

Thank you, Mr. Chairman.

Mr. DORNAN. Mr. Sonny Montgomery?

Mr. MONTGOMERY. Thank you very much. I want to welcome General Ralston, the Vice Chairman working with General Shalikashvili and also to Admiral Johnson, who is one of the new Vice Chiefs.

General Moorman, in the Air Force, I do not want you to quit giving airplanes to the National Guard or to the Reserve. We do put C-130's in our package, but also, we put other requests, the C-9's that you requested, more Army helicopters, more Marine helicopters. So we are trying to balance it out to get more equipment to the Reserve forces.

I think generally, you mentioned the areas you support. For each one of our Vice Chiefs, if you have any heartburn on any of these different sections, would you tell me briefly now what you are concerned about in this bill? I guess we will start with you, General Ralston.

General RALSTON. Sir, I think the things from a Joint Staff perspective that we are concerned about is as Secretary Lee mentioned this morning: The accessibility issue is one that is very important to us because we depend so heavily today upon both the National Guard and Reserve from all the services. We cannot do anything overtly or inadvertently that somehow would impede that access.

The second issue from the CINC's perspective, our system is working very well today in the sense, and let me revert back to my previous assignment as Air Combat Command, I went to CINC ACOM, to General Sheehan, and said, all the forces that we have—I am talking the Air Force now, previous assignment—in the lower 48, combat forces, are gained by Air Combat Command. It is our job to make sure that they are trained and inspected to the same standards as any active duty unit.

So I want to assure you that whenever you, as the supporting CINC, request, as General Moorman said, an F-16 squadron or an F-15 squadron, you can rest assured you do not have to ask for an active duty squadron. You ask for a squadron, and we will make sure that whatever we give you is trained and inspected to the same standards.

So the CINC's have a very important role in making sure that all the forces are assigned to them through one of the components and we do not want to do anything that would destroy that relationship.

Last, we believe that the procurement system as we presently have it, I believe is adequate and is working well. Those are the three concerns from the Joint Staff point of view.

Mr. MONTGOMERY. Does this bill change procurement that much?

General RALSTON. Yes, sir.

Mr. MONTGOMERY. It does? Okay. Admiral Johnson?

Admiral JOHNSON. I would say that probably the most significant points from a Navy perspective are right in line with what General Ralston said.

I would further add that, yes, sir, from our understanding, the procurement piece would change it significantly, and in general, our concern is that anything that would impede the total force integration is something that we need to work out and we are fully prepared to do that with Mr. Laughlin.

Mr. MONTGOMERY. General Griffith.

General GRIFFITH. Yes, sir. It has already been elaborated on, so I will not do that, but the accessibility issue is a very important issue. We believe that is probably the key issue that we are concerned about in this bill.

The second thing is probably, or I think is, unique to the Army. We believe that the intent of the bill would carry us beyond where we are with regard to a separate command which is established for the Army in law for our Army Reserve and would make it a separate major command.

I would go back to Chairman Dornan's remarks at the opening of this session today where he talked about Vietnam and the failure to mobilize Reserve component forces for that and the adverse effect that had on that war, and I certainly share your views, sir.

The Army, after that experience, led by—

Mr. DORNAN. It was not total. There were a few tiny selective units that went over there, one intelligence unit from Indiana, six Air Guard F-100 squadrons, two went to Korea to sit strip alert for a year because of the *Pueblo* incident and four formed a fighter wing. There were those honorable exceptions and they performed well, but generally, it was President Johnson said, no go. Let us keep this separate, kind of hide it from the Nation, and the result was a morale disaster.

General GRIFFITH. I think the lesson of that experience, sir, was learned very well by Gen. Creighton Abrams who became our Chief and was our Chief from 1972 to 1974, who really started the Army along this road of a total integrated force. We have done, over the intervening years, well in some cases and in other cases not so well.

I would tell you I think that the integration of the force during General Reimer's tenure as our Chief has accelerated in a major way and I think we have had some initiatives in the last 6 months that I have had the opportunity to brief some on this committee on dramatically, and we are proud of that.

So we are very committed to the integration piece, and for that reason, we think that the arrangement that we have now, the separate Army Reserve Command serving as a part of forces Command, where we train daily, where we fight on the battlefield, is enhanced by this integration and that the separation of that command from the Forces Command, whereas General Baratz pointed out he serves not only as the commander of the U.S. Army Reserve Command, he wears a separate hat, a separate authority as the deputy commanding general of U.S. Army Forces Command, and, of course, as he also indicated, he serves as a member of the Chief of Staff of the Army staff and has direct access to the Chief in that context.

So the second point that I would say that we would be concerned about would be the separation of the already separate Army Reserve Command from U.S. Army Forces Command, where we are integrated and we train as we will fight.

Then the third point that I would make is that I share Mr. Buyer's views about growth in general officers. We have cut 100 general officer billets from the Army, the active Army, over the last 5 years. There are additional planned reductions. So additional general officers I think is something that we would certainly be wary of doing.

Mr. MONTGOMERY. My time is up, but could I get the last Generals to respond?

Mr. DORNAN. You certainly can.

Mr. MONTGOMERY. General Moorman?

General MOORMAN. Sir, I will try to be brief. I think overwhelmingly from an Air Force perspective, accessibility is the biggest concern about the bill, and I speak specifically to the reporting requirements, the 48 hours, and the 2-year limit.

Second, separate procurement. I think that may have an insidious effect which I do not believe the authors of the bill intended at all, and the reason I say that is all of us are working very hard to integrate. We now integrate the program as one, as a total Air Force, and we plan to employ the same way. A separate account could very well drive a wedge into that and get you thinking in a divisive manner, not in a total way.

The last one is the general officer issue, the fact that we support the general officer addition, but only under the circumstance that it would be exempted in the ceiling.

Mr. MONTGOMERY. General Hearney?

General HEARNEY. Sir, if I were to name a few things, I would echo what has already been said in accessibility, procurement, and certainly what Tom has said about the general officer exemption.

If I were to name one more, it would be in sustainment issues, that while we are all very interested in quality of life both for the active and the Reserve component, I think that deserves some study to see if there are some unknown costs that may have an impact on our total force.

Mr. MONTGOMERY. Thank you.

Mr. DORNAN. Mr. Chambliss.

Mr. CHAMBLISS. Thank you, Mr. Chairman, and let me, too, welcome you folks here, particularly General Ralston. I think this is your first time in your new capacity to testify before this committee, and all your friends in Moody extend their congratulations to you.

General RALSTON. Thank you, sir.

Mr. CHAMBLISS. I know you all heard me make my statement earlier about ensuring that we are always in a competitive mode with respect to the Guard and Reserve. Mr. Laughlin gave you an example, and the fact that we are out into the field and we hear a different side of this I think serves a very important function for this type of hearing. Whether this legislation ever passes or not, the fact that the issue is laid on the table and you all have an opportunity to hear some of the things that we are talking about is just as important as whether or not the legislation passes.

I had an experience just Monday of this week with a young man who is probably 27, 28 years old who had served several years in the Army and got out. He is now employed at a bank. He joined the Reserves as soon as he got off active duty. Six months after he joined the Reserves, he was called up and sent to Haiti, right at the beginning of his banking career. I told him how proud I was of him and congratulated him on his fine service and what not and I said, "We sure do depend on you guys," and he said, "Well, you are not going to be dependent on me much longer. My term is up in September and I am getting out because I just cannot afford to have that interruption again."

It is those types of scenarios that you all certainly need to be aware of and have in your mind as you go through the process of

developing ideas for the Guard and Reserve. I think Mr. Laughlin really addresses that particular scenario and that issue here.

General Ralston, I want to ask you the extent of the Reserve officer participation at the Joint Staff level now. Where is that participation at the present time?

General RALSTON. Sir, on the Joint Staff today, we have approximately 60 officers that are Reserve officers that are pulling duty on the Joint Staff. In addition to that, we have another about 35 or 36 flag officers that are serving the CINC's on their staffs around the world. So we have a pretty substantial commitment of our officers to the Joint Staff and to the CINC staffs today.

Mr. CHAMBLISS. That is all I have, Mr. Chairman.

Mr. DORNAN. Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

General Ralston, could you elaborate on your concept of how the Reserve component forces should be assigned prior to mobilization and after mobilization? And I am sure you will draw on your experience as commander of the Air Combat Command.

General RALSTON. Yes, sir. One of the things that the commanders in chief feel very strongly about is the fact that they need to have some assurance during peacetime that their forces they are going to inherit in wartime or in time of crisis are, in fact, well trained and that there is a quality control aspect to their training, their inspections.

There are probably several ways of doing that, but in my personal opinion and from my experience at Air Combat Command, the right way to do that is through the components. In the case of the Air Combat units that we had in the lower 48, as I say, Air Combat Command established the training standards and they were identical to what our active duty units were. Then Air Combat Command performed the inspections on those units. It was very easy, then, for me to report to my CINC at ACOM that if I send you a unit, I am comfortable and confident that they are trained and they are trained to the same standards as any active duty unit. I believe that the right way to do that, and I believe all the services do it today, is through their components, of ACOM, of example.

Mr. LAUGHLIN. General Moorman, you testified that the Air Guard and the chief of the Air Force Reserve report directly to the chief of staff, the Air Force Chief of Staff. Do you think your system works very well, your readiness is high, and your people are ready to go to war when they are called up? Do you feel that there would be any diminishment or any negative impact if that arrangement were to be changed and you were to transfer the reporting responsibilities from the chief of staff of the Air Force to the Air Combat Commander?

General MOORMAN. I am not sure I can comment on the degree of diminishment, but I would say that we are so comfortable with the way we do it, and as you point out, our Reserve and Guard units are about at 93 percent, C-1 and C-2, which is a readiness rating, and we have through constant practice and iteration and real world contingencies, we exercise the reporting chain exactly the way General Ralston mentioned. That is, that our Reserve component is chalked to the air component of the CINC and employed

that way. I think it is a very efficient way and we are exceedingly proud of the Air Reserve component.

Mr. LAUGHLIN. General Hearney, when you testified about the Marines being total force, I think back to the conversation I had with the commandant where he told me he had taken the Reserve designation off all your units so that someone not familiar with the Marine Corps would look at any unit designation and would not know the difference, whether they were active or Reserve. Is that still correct today?

General HEARNEY. Yes, sir, exactly. Green is green.

Mr. LAUGHLIN. Could you outline the commandant's plan for the increase of the Reserve generals, the number that has been talked about?

General HEARNEY. Yes, sir. The addition of six, three of those would go into joint billets, three into active. Sir, I can give you the exact billets that we have in mind, but that is the way they would be distributed. In the Reserve side where we have deficiencies right now, they would fill those billets. In the joint arena, the additional three would go into there. But I can give you those specific billets that we are looking at.

Mr. LAUGHLIN. Could you do that in more detail to the chairman?

General HEARNEY. Yes, sir. I will submit that, sir.

Mr. LAUGHLIN. And you will supplement in more detail to the chairman?

General HEARNEY. I can submit that to you in writing.

Mr. LAUGHLIN. That is fine.

Mr. Chairman, I see the red light. May I ask—

Mr. DORNAN. Please, go ahead.

Mr. LAUGHLIN. General Griffith, all the other services have their Reserve commands report directly to the Chief of Staff. I have to tell you, picking up on the concern you expressed about the perception out there, we in politics talk about perception being reality. When you talk about perception, you and I talk about the same thing.

At the lower ranks in the Reserve components, what harm or what distraction from the Army's mission is caused by having the Chief of Army Reserve report directly to the Chief of Staff of the Army and take orders and guidance to be carried out by the Chief of Staff of the Army rather than the Chief of the Army Reserve, expecting his voice to be carried by the Forces commander?

General GRIFFITH. First of all, again, I would just reiterate, he has that direct access to the Chief because of his staff position. He also, of course, serves again as Deputy Commander of Commanding General Forces Command.

Could you break it out and make it a separate command? The answer is you could do that. The thing that would concern me about that arrangement would be this. It goes back to the point General Ralston made. The accountability for the readiness of forces to deploy, to fight, and the guarantor of that being the commander.

It seems to me that if we created that arrangement within the U.S. Army, different than what we have today, you would have the Forces command commander reporting to General Ralston for ac-

tive Army forces within Conus and you would have the commander of the Army Reserve Forces also reporting to the CINC ACOM in his capacity.

We think, because we fight as a total force, that the merger and the accountability through the Forces command commander, the component commander, we think that makes sense. It has served us well and, quite frankly, we are concerned if we break it apart, it may not serve us as well.

Mr. LAUGHLIN. Going back to the perception problem and in the readiness situation in the Army compared to the other services, it is your strong opinion, then, that there would not be an enhancement of the readiness of the Reserves if we were to have a separate command where the Chief, Army Reserve is reporting directly to the Chief of Staff of the U.S. Army for guidance on readiness training?

General GRIFFITH. Sir, it is my opinion that we would not enhance readiness beyond where it is today, or by a different command arrangement.

Mr. MONTGOMERY. Would the gentleman yield?

Mr. LAUGHLIN. Yes.

Mr. MONTGOMERY. I am a little concerned about the Marine general saying "green is green". We want the total force and we want them to be integrated, but to the Vice Chiefs, let us not forget that citizen-soldier. Let us give that individual credit, because if you do not get the citizen-soldier from the small communities and the large cities, you are not going to get the support of the total military out there by having big old bases, a few of them now, across the country. It really does not help you. So the citizen-soldier is really your help out there and you ought to publicize it and you ought to be sure that they get credit for coming in and serving.

Thank you.

Mr. DORNAN. General Hearney, do you want to comment on that?

General HEARNEY. If I might respond to that, sir. I meant green is green in combat capability. I fought in the desert with both Regular and Reserve units and the combat capability is the same, sir. We totally agree and recognize the value of staying in touch with the American public and that is very, very important to us. But from a fighting capacity, those Reserve units are every bit as good as our Regular units.

Mr. MONTGOMERY. I totally buy that.

General MOORMAN. May I make one comment to amend or at least add to the statement I made? You asked me, could I think of any way they might not be as effective, at least for the Air Force, if we changed the command structure, and I have been thinking about that and the only thing I would add to my statement would be I would worry a little bit that we would not have the participation by the Reserve and Guard Chiefs in the councils of the air staff that make the decision on how we are going to equip our force and train our force.

Mr. LAUGHLIN. That is the whole point, general. In many discussions, there are elements of the Reserve component that feel like they have no voice at the table and that is the whole thrust and that is part of the perception problem.

Mr. Chairman, I have one last question and I will start with General Hearney.

Mr. DORNAN. Let me make an announcement first, Mr. Laughlin. We are in pretty good shape because Mr. Chapla is going to try and get room 2216, right through the corridor here, for the third panel. That means we can continue until 1:15 p.m., and I do not think we will go that long. So those of you that are here for the third panel, do not worry. We are not eating into your time.

Go ahead, Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

We talk about the total force a great deal and there is a perception out there that it really is not total. We talk about seamless and there is a perception out there in the Reserve component that it really is not seamless. So when I use the Marines as an example, I want to ask the rest of you to be thinking about this.

General Krulak tells me with great pride and no diminution of the skills and ability of an active unit, but in a field exercise, a Reserve unit scored higher than the active unit, and recently, he tells me that a Reserve general was put in command of an active unit in some joint operation in Europe or somewhere in the world.

I would ask the other service Vice Chiefs if there is a similar example where a Reserve general was put in command of an active unit in any exercise. General Moorman, you have your hand up, so I will start with you.

General HEARNEY. I am ready.

Mr. LAUGHLIN. We know. [Laughter.]

General MOORMAN. I defer.

Mr. LAUGHLIN. I did not mean to slight the Marines, but I feel like I did it.

General HEARNEY. I would like to comment on that.

Mr. LAUGHLIN. Go right ahead.

General HEARNEY. That is absolutely true, and the Reserve unit that General Krulak was talking about is still in Norway today and it is commanded by a Reserve general officer; 4,500 troops are there participating in an exercise, 80 percent of them are Reserves.

Mr. LAUGHLIN. General Moorman?

General MOORMAN. I apologize.

Mr. LAUGHLIN. I am the one that caused it.

General MOORMAN. It just resonated on what you said. We have two examples that I want to point out in personalities. Maj. Gen. Phil Kiley, commander of First Air Force, is a Guardsman who commands active forces. Also on our air staff for the first time, head of our intelligence was a Reserve two-star from Alabama and really did a superb job.

As to the issue that General Krulak points out, that sometimes the Guard and Reserves whacks the active guys in competition, that happens frequently in the U.S. Air Force. They all do well, but the Guard and Reserve are particularly effective in competition such as William Tell, which is our air-to-air competition. The National Guard of North Dakota won that last year. And in our Gunsmoke, air-to-ground, the Reserve won that with a B-52 unit their first year, B-52-H.

Mr. LAUGHLIN. General Ralston, did you have any example you wanted to give us, or do you want to go on to the Army?

General RALSTON. I am going to defer to the Vice Chiefs.

Mr. LAUGHLIN. Yes, sir?

General GRIFFITH. Clearly, as you know, sir, there were Reserve component general officers who commanded active elements in the Gulf war. Right now, the best example I can use is in the Army's Special Operations Command. We have a Reserve component general officer who commands active elements of the U.S. Army Special Operations. There are probably others that I cannot at this point recall.

Mr. LAUGHLIN. Admiral Johnson?

Admiral JOHNSON. I can give you three quick examples, Mr. Laughlin. The first would be the deputy commander of our Military Sealift Command who is a Reserve rear admiral and spends full time in that capacity. As well, the No. 2 officer in charge of the Joint Task Force Southwest Asia operation over in Riyadh, Saudi Arabia, is a U.S. Naval Reserve admiral. We also have the officer who is running the Crisis Action Team at European Command Headquarters in Stuttgart, Germany, the Bosnian operation, who is one of our Reserve flag officers.

Mr. LAUGHLIN. Thank you, and thank you, Mr. Chairman.

Mr. DORNAN. Thank you, Mr. Laughlin.

Gentlemen, I came here in 1977. Just think back where all of you were in your career at that time. I still do not consider myself a senior member when I sit at a panel with the likes of General Montgomery.

But over that period, and being a very promilitary person, having been at every level from airman basic to retired Reserve, I have observed, particularly when the third drawdown started, this time the biggest drawdown since World War II, I have observed and had honorable active duty officers say to me, if the Reserves want to be part of the total force, they have to take the hits along with the active duty.

My concept, along with what General Montgomery has called the citizen-soldier concept, was always, particularly in certain fields like intelligence, that if you draw down the active force, the active intelligence force should go up to preclude a Pearl Harbor and the Reserves should go up so that you have that pool to draw from, particularly when you are putting off active duty 600,000 to 700,000 excellent men and women who had planned on a full career. If you can absorb them into a Reserve unit, you capture that elan, that esprit.

Remember, it was Napoleon who gave us the expression, "An army travels on its stomach," who said on the battlefield, "Morale is a factor of 4 to 1 over food." When you have morale, you can hold the pass with 300 Spartans. If they are fired up reservists and they have the right training, then that is a force multiplier.

So I just wanted to not pin you down to an answer, but I will speak for you. I think we all acknowledge that there was a feeling a few years ago, let us say 10 years ago, the active force was it. The Reserves were the Reserves and it would always be that way. But I see from all of your attitudes now, from "green is green" to the pride over Air Force fighter squadrons—and I might add a personal note.

I was a better fighter pilot in the Guard than I was on active duty for a very simple reason. I was older. I had more flying time. I had more time on the gunnery range. My mechanics were 45-year-old World War II veterans who had done everything from a P-38 to a Thunderbolt to a Mustang through F-86's right up to modern jets that were in the force, and it is even more so now. I was better than the 19-year-old kid that I caught falling asleep against the wheel on the hot ramp at George Air Force Base; and when I did my walk-around, he had left his pliers in the intake, not good to be ingested into an engine. You do not want foreign object damage coming out of the intake of the jet.

So I was very impressed with being a Guard pilot. I just thought—and then, when I flew with a female Air Force captain on a C-5 to Rhinemein about 5 or 6 years ago, the person in her copilot seat was a 6,000-hour Lockheed test pilot who was also an airline pilot from the Georgia area. You cannot get more experience in a cockpit than a multiengine person who is flying professionally during the week as an airline pilot under all those equally stringent rules and strictures that all flying has to be involved with.

So I think we have reached a point where whatever happens to this legislation, however it is trimmed, that it is advancing us toward the point of that total integration; "brotherhood" is too gender-oriented a word—that camaraderie that the Reserves have to have to be able to go to a Gulf war situation and come up to speed as quickly as Senator DeConcini's son did at Aviano within the last few days or as that New Mexico Air Guard pilot that Greg and I talked to, looking over his shoulder at his bomb damage film.

I have an answer, Greg, to my question before we broke, and I will just give you a prelude to it that is kind of interesting. When I went down to Haiti and met General Cedros and saw three stars on his shoulder, I had to reflect on the fact that most of the pictures you see of Robert E. Lee or General Grant, they have three stars, Grant, two stars, and they had huge armies under the command.

I thought, how many brigadiers and colonels do we have in this country of Haiti? None. It went from a three-star lieutenant general right down to a few lieutenant colonels, and some of them were thugs.

I reflected on, I believe his name is something like Viaderas, it starts with a "V," the three-star general in Argentina who had a striking resemblance to George C. Scott. I went down to Argentina in the summer of 1981 with Senator Helms and I remarked that he looked like the actor George C. Scott and he said, "Oh, when I was a young colonel, all the women told me that." And under my breath, I said, "We are in for trouble here." Within the year, he attacked the Falkland Islands, took on Margaret Thatcher, and the Newsweek cover was, "The Empire Strikes Back", the invincible on its way south.

So he also struck me. I said, how many forces are under you to have three stars? People play with ranks in other countries. I think we have to look at the forces under your command.

The Marine Corps has 42,000. To put a two-star general and apply it to the limits, my own personal opinion, Mr. Laughlin, is that is a little rough. I think the Marine Corps has it just right.

The Air Force and I have gotten to know General McIntosh, 73,000. By the way, the Army Reserve under General Baratz is 5½ times bigger than the Marine Corps Reserve. It is 230,000 to 42,000. So how can you have a three-star in both those positions?

The Air Force has 73,000. The Navy, and he gave me an exact figure, Admiral Hall, 95,888. Let us round it off to 96,000. That is a pretty good rear admiral slot, but to go up to a vice admiral, I do not know.

I think Major General Baratz has a case. You have a case there maybe for a third star, but I do not know if you are being generous to the other services to help the Army Reserve, where you have a vested interest as an excellent colonel, Mr. Laughlin, but I hear General Baca loud and clear. He is a joint commander. He has Air Guard and Army Guard and almost half a million people under his command. Haiti would probably be attacking every nation in the Caribbean if Cedros, with his three stars, had had 500,000 troops as well trained as our Air Guard and Reserve. So I think we are going to have to take a careful look at this.

Let me ask one question, because, obviously, 20 stars turning up, the Joint Chiefs, the Deputy, and all the Assistant Chiefs of Staff, do you think we are going too fast with this legislation? Has it caught your attention because you do see it as, if not earth shaking, substantial change that you need more time to analyze?

Let us start, General Ralston, you kick it off. Have you had enough time to really study this yourself, not just your staff working it over?

General RALSTON. Mr. Chairman, let me say that I am not necessarily asking for more time here but I do believe the fact that you have got the five of us over here today is a symbol of how important this is to all the services and to the Joint Chiefs.

Mr. DORNAN. Yes, sir. It speaks volumes.

General RALSTON. It is extremely important, and there are things, as we have mentioned, that we certainly concur with the intent of this legislation, but there certainly are aspects of it that I believe that we need to move very slowly on and make sure that we know exactly what we are doing before we do it.

Mr. DORNAN. In the last 19 years since I came here as a Congressman, you have seen a sea change, have you not, in the attitude? Those gunnery scores get your attention at all of the various events.

General RALSTON. Mr. Chairman, there is no question about that, and I have been fortunate in my career in the Air Force and that I have been associated with Air National Guard units for many, many years, for better than 20 years. I can tell you that greater than 20 years ago, they were not universally as well-trained as they are today. There were some exceptions, but there also were some problems.

That has been corrected far greater than our wildest imaginations, and I will have to tell you there is one person that I would give credit to in the U.S. Air Force and in the Guard system and that is Lt. Gen. John Conaway, who I believe is here today.

Mr. DORNAN. I saw him and spoke to him earlier.

General RALSTON. He did that for many, many years.

Mr. DORNAN. His son is about to become a squadron commander of an F-18 unit on a carrier this month, right?

Admiral JOHNSON. Yes.

General RALSTON. But he led the way in making what we have today a reality with regard to the professionalism of our Guard and Reserve forces.

Mr. DORNAN. General, if you could just weave in where I first met you, Space Command. You know the old patriot expression, "Let only patriots stand watch the night." We attribute it to some of our revolutionary leaders, but it goes back all the way through the profession of arms. "Let patriots stand watch the night." I cannot think of a better command than to have people come on active duty and check in and within 24 hours be up to speed standing watch, NORAD or Cheyenne Mountain or whatever. Did you use Reserve forces in Space Command?

General MOORMAN. Yes, sir. They have a Reserve squadron, a command and control squadron out at Falcon. As you may remember, that is where we do most of the command and control. They also have a Reserve component at Patrick, where we do our east coast launches.

Mr. DORNAN. Excellent.

General MOORMAN. Then we have a whole passel full of IMA's. It is really a——

Mr. DORNAN. And again, you would have talented civilian engineers in spacework coming over and being what we would call in the military overtrained for that grade that they are fulfilling, so they spread that experience around to the active duty younger men and women.

General MOORMAN. It is very analogous to your comment about you being a better fighter pilot when you were in the Guard. Most of these folks in the more technical areas, like Space Command, really miss the blue suit when they go out to industry and serving in the Reserves is the best of both worlds, so it works real well.

Mr. DORNAN. General?

General GRIFFITH. I may be unique. I come from——

Mr. DORNAN. By the way, you have seen a sea change, too, in the last decade and a half, two decades?

General GRIFFITH. Absolutely, sir. I can just tell you, I come with a very sympathetic view because I spent 7 years as a reservist. I served as a Marine Corps reservist, the first uniform I wore, and then I served as a—I am still a Marine, I think——

Mr. DORNAN. It is like a tatoo. It is painful to remove it. [Laughter.]

General GRIFFITH. As a second lieutenant, I served with the 82d Infantry Division in the State of Georgia, so I come from a background in the Reserve.

Sir, there has been a huge change. The Army cannot conduct its day-to-day operations without heavy involvement from the Reserve component forces.

Mr. DORNAN. One of your problems is, it is not quite like flying because you cannot get tank crews, or you used to not be able to, now I think you do with the training center and so forth, but it was awfully difficult to get the equal equipment available to give the equal training that you would get climbing into an F-16 or F-15

in the Reserve, or an Apache. Your Army pilots can be right up to speed, filling in all the squares, but to get people out maneuvering around and firing artillery pieces and tanks, you are closing that gap, too, are you not?

General GRIFFITH. Yes, sir. I would just tell you that we have a lot of recent initiatives, but I will just give you a couple.

We are taking avenger battalions out of our active Army corps and we are putting in the National Guard. Of the Army's artillery structure 70 percent comes from the Reserve component forces. We are taking artillery systems out of the active Army and we are putting those into the artillery forces of the Reserve components.

You mentioned we talked about confidence levels. There are confidence areas where the Reserve components are far superior to active Army forces. Some of our best engineering units we talked about are in the Guard and Reserve.

So, sir, we value greatly what they do. What we have tried to do is to be smart about identifying those skills like artillery, air defense, engineers, aviation, what we would call single-function fields, where they can be called very early and sent very rapidly to combat operations. I think we are doing that more intelligently than we have ever done it in the past and we are doing it more aggressively than we have ever done it in the past.

Mr. DORNAN. One response from the Navy. I was campaigning around Iowa this summer and there was the bridge of a destroyer out in the middle of a farm field. It was a Reserve unit area. I have always thought the Navy, except for your pilots flying that F-8 Crusader or an F-14 in the Reserve, your pilots right up to speed, go on active duty and start flying mission the next day, if he has filled in all the training squares, but I always thought how tough it was to get reservists in surface warfare. Helicopters, again, at one point, the Navy did not have any Blackhawk helicopters, gunships, special operations gunships except in the Reserve down at Falls River.

But what do you do with sailing? Are you now adding people to your active duty crews who are reservists?

Admiral JOHNSON. Yes, sir. In fact, I would tell you, based on my own experience in my last job as the commander of the 2d Fleet down in Norfolk, we never put to sea without reservists on the staff and integrated throughout the operation.

Mr. DORNAN. Was that true 15 years ago?

Admiral JOHNSON. No, sir.

Mr. DORNAN. Ten years ago?

Admiral JOHNSON. Like you have heard from my colleagues here, even a decade ago, it was not that way. But we truly believe now. I have changed personally. The people around me have. The whole organization has, and we are fully invested in the Reserve. We cannot do our job without them. It is as simple as that.

Mr. DORNAN. I will tell you, the only yearnings I have had in my life is that I did not stay in active duty for a full career. I notice that it was a waste of time for active duty people to be envious of a reservist who seemed to have the best of both worlds, civilian income, checking in when he wants, controlling a little bit his 2-week or his active duty segments, but I will tell you, I know a lot of reservists and Guardsmen who yearn to be back on active duty. The

grass is always greener on the other side. So I like to have you say that you changed personally yourself.

Mr. PICKETT had a question, then I have a closing problem for you.

Mr. PICKETT. Thank you, Mr. Chairman.

I have just a quick item here for General Ralston. General, in your prepared statement, you, I believe, had indicated that the Joint Chiefs and the services did favor a change in the law to give the President Reserve callup authority for domestic emergencies. This is a little bit different from the position I understood from Secretary Lee, when she said that she was satisfied with the way that it is now. Could you comment on that, please?

General RALSTON. Yes, sir, and I do not want to overstate what was in the statement there. The Joint Staff looked at that. What we were endorsing was the flexibility that the President needs in a time of national emergency. I do not believe that there is any significant difference between the position that Secretary Lee voiced and what we voiced. As long as the present legislation gives the President that flexibility, that is fine with us. We just do not want to appear to be against the flexibility in time of national emergency.

Mr. PICKETT. Thank you.

Thank you, Mr. Chairman.

Mr. DORNAN. Mr. Laughlin had one final comment.

Mr. LAUGHLIN. Mr. Chairman, I just want to thank all the panel for their appearance today and their commitment to defending America and for putting your best interest before us today. I want to assure you that while my name appears in the bill, there are a lot of us that want to work together to make sure we do what is best, and you have certainly demonstrated that with your appearance here today. All I can say, before I say thank you, is two things.

Admiral, I had a note handed to me. The Reserve admiral that is in command in Saudi Arabia, I was just informed, was the Navy admiral represented on the trip we made to England and Germany and Israel. While it has been written up as something more than it was, it was less than a 5-day trip from port-to-port back here. Adm. Pete Pedigree was very valuable and I learned a lot not only from him but from the Army, Marine, and Air Force representatives on that trip and I can say with the experience of being with him, you have a great one out there in the field.

Admiral JOHNSON. Yes, sir. Thank you.

Mr. LAUGHLIN. The very last comment I would make is I just wish all those captains that were military professors of mine at Texas A&M could be here today and see this cadet sitting in front of so many stars. I am honored. Thanks for your help, and God bless you.

Mr. DORNAN. That ex-cadet, together with a lot of his colleagues, signs their paychecks, so they certainly have mutual respect. [Laughter.]

Mr. DORNAN. Whenever you are waiting in the anteroom to appear in the major room downstairs, 2118, you will notice that we have on the door as each of us enters the room from 2117 article I, section 8 of the Constitution, that says the Congress raises the

armies and builds the navies, and that is why I have a constitutional battle going on even with my good friend, the Republican nominee-apparent for the Presidency. I do not believe any President has any constitutional authority to send people to Somalia, Haiti, Bosnia, or Tibet without this Congress signing off on it and figuring out how we are going to pay for it. That battle is going to go on.

Gentlemen, thank you very much. I am going to do something that I personally do not believe is selfish or I would not do it. I am going to put you all on notice on something. When Mr. Clinton signed the defense authorization bill and took out national missile defense, U.S. troops under foreign command, and U.S. expeditions to the aforementioned places without congressional authority and approval, when he took those three out, he did it without a comment, but he saw fit to only comment on one thing and take some personal shots at me, keeping people with a fatal venereal disease on active duty.

I want all of you, and I am going to ask you personally to do this yourselves, not assign it to somebody, get a Washington Times at some point today and read that a lieutenant colonel named Deborah Bosich—I would like you, General Ralston, to have this lady call me. She has the effrontery to get involved in politics with these words. "We are pleased with the Senate vote. We hope the House will do the same." She is talking about keeping on active duty 1,050 people with a fatal venereal disease.

She continues, "The Secretary of Defense and John Shalikashvili"—I did not know Air Force lieutenant colonels called the Chairman of the Joint Chiefs by his first name without a title—the paper adds the title in brackets—"The Secretary of Defense and John Shalikashvili and all the service chiefs have said all along this is an unnecessary provision."

This chairman, for one, is tired of having people with gold braid on their sleeves and stars on their shoulders tell me one thing in private and then lose their guts in public, and I do not want any of you to even flinch. I am not going to ask any questions and put you on the spot except to ask this.

Did you serve close to General Mundy at any point, general?

General HEARNEY. Yes, sir.

Mr. DORNAN. You did. Did you serve close to General Kelso or to Stanley Arthur?

Admiral JOHNSON. Yes, sir.

Mr. DORNAN. You did. They went on the record. They had the guts to do it. So did General McPeak and so did General Sullivan, and I thought I was doing the right thing here. But now we are entering a political period because we have a triple draft dodger sitting in the White House and he has put down the political orders and he has lieutenant colonels in the Air Force getting in my face.

I will tell you what is going to happen. I have not even told my excellent professional staff or talked it down with Owen Pickett. I am going to need some bipartisan help. I am going to return to asking the question.

It is immoral and unethical on its face to tell a young person from a confused New York high school where they have put homosexuality on a par with traditional marriage to get a confused kid

and look him in the eye and say, "Senator Nunn says homosexual-ity is not compatible with military service." Then there is a big silence. All you have to do is ask. If you are celibate, fine. Good luck. Keep it to yourself. But have you practiced, or do you intend to, and ask that question. I am going to return to that question.

And obviously, I will put this HIV thing back in if my leadership in this House fails me. There is a Dornan quote ahead of Lt. Col. Deborah Bosich. It says: "Dornan says: 'I am astounded by the power of the homosexual lobby.'" I will tell it to you right now. I am astounded by the power of the homosexual agenda and their lobbies and their control over the President of the United States of America. It is shocking. It is offensive. I have the numbers in front of me.

I have fought this battle with the Surgeons General, and guess what I was told when I asked how you people handle syphilis. I know you do not give a second of thought to this. It should be handled way below you as a health problem. But if you have some airman, or, God forbid, an officer or some enlisted Marine or young sailor or an Army soldier who constantly keeps coming up with syphilis, I am assuming he is terminated eventually, or if he mixes in gonorrhea, chlamydia, venereal warts, or whatever.

I have a battle with the Navy, because this is not any homosexual fix of mine. It is that I am sick of the Navy going to ports of call where every single prostitute is infected with AIDS, admiral. So as I told admirals 20 years ago, before Pat Schroeder got on the Navy's case and said, "You do not get it," I am tired of admirals telling me I am not their mother. Another one said, "Boys will be boys. We give them packets of condoms at the gangplank." I said:

But you are not at the home of some farm kid 10 years after his visit to Bangkok where he is shriveled up with Kaposi's sarcoma, cancer sores, his minister, priest, or rabbi is there, his mother is putting washcloths on his head, and he is dying because of peer pressure that he thought he had to go into some whorehouse.

I called the second lieutenant over near Dakto in Vietnam. I said, what is that lambretta doing down there? What is that lying there? And I was just a reporter, but I was an Air Force officer inside. I said, what are they doing? He said, "Well, for 50P, they are getting a piece of you know what." I said, "What, and then they are going to get disease and they are going to malingering or go off active duty here?" I said, "You are a second lieutenant, mister. You go down and tell those prostitutes and that lambretta with his little cab on the back to get the hell out of here and break up that line or I will go to your superior," and he went down and did it.

I saw all these whorehouses in Saigon. The first one I walked in was like a cliché movie. "My name is Shuh. You buy me Saigon tea?" A guy comes up to me, "You want meet my younger sister?" And I looked at these bars, Michigan got two, a city and a bar, Detroit bar, Michigan bar, California bar, Florida bar, and I came back and went on the air and said, "What are we over there, to destroy the morale of the Vietnamese people?" And evil—that is his first name to me—evil Robert Strange McNamara said, "There are no whorehouses in Vietnam."

I bet you that if I can get out of the Surgeons General, and I will, I am going to put it into law. I am telling my staff and I am going to ask Owen Pickett's help. If the CDC can break down for me the

categories, anonymously, of course, protecting anonymity, but if they can break down for me how people got the HIV virus, then who is the military to be so politically cowardly that they will break it down by rank, by race, by years of service, by any category.

But when I said, "How did they get it, heterosexual sex against the UCMJ, homosexual sex, drug use on active duty, for God's sake, when there is zero tolerance in all the services? How did they get it?" They answered, "We do not know." I said, "CDC has the figures." They said, "We report that directly to them." They hide this.

So when I asked about syphilis yesterday, do you know what I was told? That all your services are not answering any other questions. Every question on HIV or homosexuality now must go to the Secretary of Defense himself. Does Dr. Perry, an honorable man, want to carry this dirty laundry for the triple draft dodger? If he does, fine.

I have only seen one two-star general violate the respect for the office of the Presidency, General Campbell, and I think he is sorry for it, in Schusterberg in Europe, paid for it with his career, early retirement. I have seen the force from the Balkans in August with Laughlin until right up to a few weeks ago, a total stoic, respectful force for the office. But I am in politics, gentlemen. That is not in my job. And I know what is in your hearts.

There is such a thing as a career-ending injury in sports. How many times did you hear Joe Theismann's leg crack when he got hit from behind? If you play Russian roulette in a whorehouse or violate the honor of your uniform and stick a dirty needle in your arm or commit sodomy, which is against the UCMJ, then that is a career-ending injury.

And as far as I can find, I have only found two people that were victimized who were innocent of no behavioral contact. A straying mate, who is now dead, came home and brought the disease back to them, Winston Churchill and Sir Randolph Churchill type story.

That said, and when I have tried to make a provision for those people before, I was not allowed to. And in your Navy, I found out after I had to just dig it out of your good Surgeon General that there are only 200 nondeployable people. Between the Army and the Air Force, you have another 4,000 that have asthma, cancer, diabetes, and your own brother-in-law went back on combat, active duty in an F-15 and went to Korea when his cancer went into remission before it took his life, and you know who I am talking about.

These four are not infectious. The Navy Surgeon General came up to me and said, "Keep pointing out it is not infectious, these other stories that they keep trying to cover." This is being driven by a group that may be the smallest segment of our 1,050 HIV-deployable people.

So please, gentlemen, go back and report for this Air Force captain to your commandants, and by God, I wish they all had the courage of Mundy to say it, it increases the tempo of deployment. It is unfair to our kids who are sleeping in hot bunks, stacked seven and eight deep.

I just want you to take the word back to stay out of this fight. I will go right to Perry on it and I am going up to Bethesda and I want to see the records—no names, anonymity—but I want this calibrated if I have to put it in law, because if I can get it out of the CDC and the National Institutes of Health, then, by God, I do not want the military politicizing a fatal venereal disease.

None of this would have happened, and this is my fair and final observation, if we had titled AIDS syphilis B, as the Air Force Surgeon General told me that Hepatitis B is a sexually transmitted disease with a blood component and so is syphilis. If we had called AIDS syphilis B, would the Senate have had what this lieutenant colonel calls a vote? Guess what. There was no bill. There was no amendment. There was no vote on it. There was no debate. They slid it into a manager's bill. There were only three Senators on the floor and they snuck it in.

I am going to fight that battle with our conferees. It is coming out. It is public law and I do not want an Air Force lieutenant colonel speaking for John Shalikashvili and saying that I am doing something wrong or that I am homophobic or that I have a problem.

My problem, specifically, and I am finally going to tell it clearly publicly, is sending Navy kids with a packet full of condoms that they could not even dig out of their pants after they have had 15 beers. We do not tell our young ladies on these ships that there are male whorehouses available for them, so go get drunk and stagger into a male whorehouse and see how many times you can, you know, what all the various words are for it.

We are going to change that part of the culture for all the services, because I took note that my friend, a hero of Desert Storm named Barry McCaffrey, fired a three-star Air Force general for one affair, is that not a fact? So we are going to get that filtered right down to the enlisted ranks, and when they go to a port of call, it is like Haifa, where I have seen kids get on buses to go walk in the footsteps of Jesus Christ in Jerusalem. That is a great liberty, not going into some whorehouse with teenage, underage girls in Bangkok and picking up with Russian roulette a fatal venereal disease that gives them at the maximum 10 or 12 years of life left.

So tell them back at the Pentagon, this fighter pilot still knows how to check six and move into a rocket position behind and win a battle for my country.

You had a question, major? [Laughter.]

Mr. BUYER. Did you eat my corn chips? [Laughter.]

Mr. DORNAN. That is where I got the energy for that burst.

Mr. BUYER. What is it like in the impact zone?

I could sense, as I just came back from the Transportation Infrastructure Subcommittee, the building leans in this direction. There is a lot of weight over here today.

I have two questions, and I will keep it brief. I think we have to be out of the room here in about 6 or 7 minutes.

Mr. DORNAN. Try 3.

Mr. BUYER. Three o'clock?

Mr. DORNAN. Yes, because we are going to have the third panel. Then I have to chair an intelligence panel at 2 o'clock.

Mr. BUYER. This has probably been asked, gentlemen, but I just want to make sure. With regard to the access question of the Reserves to disaster relief, it is the position of the Joint Chiefs and all the services to give the President the Reserve callup authority to help in disasters, is that correct?

General RALSTON. Sir, let me address that. We talked about it slightly, and I will let the services speak for themselves here.

What we were trying to indicate from the Joint Staff is that we are in favor of flexibility in a case of a natural disaster. We want to do what is smart. We are not at odds with what Secretary Lee said this morning. We are in agreement with that. We just do not want to indicate from this bill, and it is a little confusing, quite frankly, whether or not we are inhibiting the President from calling up the Reserves where it makes sense. If he has that ability under the current law, then we do not see a need for a change.

Mr. BUYER. Sometimes I say, Steve, you are halfway intelligent, and yet sometimes I can sit here and just be so confused.

General RALSTON. That was my fault for a bad answer.

Mr. BUYER. I get Deborah Lee who gives her position. Then I get General Baca who says, you know, I agree with the DOD position but I also agree with NGAUS's position because there really is not that much difference between them. Then I get the DOD position. I thought the DOD position says, yes, we want to give the Reserves the flexibility to do that. Then you say, but I do not disagree with what Deborah Lee said. Am I confused?

General RALSTON. I misstated. Let me try again.

Mr. BUYER. All right.

General RALSTON. The Joint Staff position said, we need to give the President the flexibility to call up the Reserves in case of natural disaster if he needs that.

Mr. BUYER. I agree.

General RALSTON. And if the present law gives that flexibility now, then we see no need for a change.

Mr. BUYER. OK. And you are familiar with the RAND study that says the present system is not working and we need a change in the Federal law?

General RALSTON. Yes, sir.

Mr. BUYER. Did you say that with a smile or not? You are a little stoic there. Do you agree with the Rand study? Personally, let me ask for your personal opinion, hypothetically.

General RALSTON. My personal opinion right now, I believe things are OK as they are.

Mr. BUYER. All right. Let me ask a question here—

Mr. DORNAN. I think that is the general consensus of the panel, is it not? The Army nods affirmatively, the Navy, the Air Force, and the Marine Corps.

Mr. BUYER. Let me ask this question on the rank, and if this was covered also, I apologize, gentlemen. I did not address this earlier. Let us take the Navy as an example.

In 1945, ships on the active registry were 6,626. There were 3,877 captains. Today, ships on the active registry are 335, yet captains, 3,500. So if we had 3,800 captains in 1945, we only have 3,500 captains today, and the difference is between 6,600 ships and 335 ships, we are rank heavy.

Now let us shift over to the Army. We had 80 divisions in 1945. There were 8,145 colonels, 06's. Today, there are 3,763 colonels and we are at 10 divisions. We use the BUR. Wow.

Let us go to the Air Force. The Air Force, we had, of all ranks, generals, there were 298 in 1945. Colonels, there were 2,576 and there were 44,882 airframes in 1945. Today, there are 295 Air Force generals. Colonels, wow. If we had 2,576 in 1945, today we have 4,322 colonels and we only have 4,745 airframes. Rank heavy.

The Marine Corps, in 1945, there were 79 generals of all ranks, 391 colonels, and there were 6 divisions. Today, there are 68 generals of all ranks, 620 colonels—we have increased from 391 to 620 colonels, and there are 3 divisions. Rank heavy.

So I am sitting here, and Mr. Laughlin, I am not picking on your bill, but I am sitting here somewhat uncomfortable with regard to the issue on statutory limits for general and flag officers and I am eager to jump into the substance of the issue.

If, in fact, we need to increase the ranks, do we have to look at taking them from the actives? It is very easy for me to look at that and say, I think so. Boy, would that create a little stir over there in the Pentagon, but it sure appears to be rank heavy when I look at the numbers, unless someone can say in substance, "Steve, here is why we need such rank heavy." I am more than willing to go through all that substance and debate here with my colleagues and with all of you in the Pentagon and the DOD staff.

Mr. DORNAN. Steve, let me ask you a favor. You are going to end up chairing most of the third panel so I can go over and chair the Technical and Tactical Intelligence Subcommittee hearing. Let me give them all a homework assignment. I have the full collection of the Marine Corps history books on all of World War II. You have terrific staff writers. All the services do.

If Ike Skelton were here, he would make the case using the German Army example in the 1920's and 1930's when they were violating the Versailles treaty on a daily basis. As a matter of fact, the day before yesterday was when Hitler just declared it invalid in the early 1930's. Ike makes the case that heavy on rank is good for the sad day when you have to build up quickly.

Could I ask you to assign one of your smarter staff officers to write a paper, just a couple of pages, on that German experience and to account for the stark figures that Congressman Buyer has just given. The figures sometimes do not tell the whole story, but that is an obvious difference between the command structure when—look at this. I love this picture on the whole Capitol Hill. That is the 82d Airborne, every one of them a mature healthy man. They do not look much like the 19-year-old kids in Vietnam who fought like hell without the same support of their country, but look at them coming right up Constitution Avenue here near the Federal Triangle.

In 1945, what a structure we had with those lower numbers. So give me a paper that explains why we are rank heavy now and is there a rationale for it.

Mr. BUYER. I will conclude this. I do not know, Mr. Laughlin, are we also going to increase more numbers with regard to senior NCO's or not? Are we going to leave that the same? I do not know. Is your intent to do that?

Mr. LAUGHLIN. I cannot answer that, Steve. The whole intent of this section on general officers was to have in the legislation a protection of the Reserve general officer corps and it is very apparent that we need to do more work and more thought on the language involved there.

Mr. DORNAN. Let me let the gentleman from Kentucky get an anchor question in here, Mr. Ward, and then we will bring down the gavel.

Mr. WARD. I just wanted to paraphrase President Lincoln. When told of Grant's drinking, we all know what he said. Steve, do not give him any more of those corn chips. [Laughter.]

Mr. DORNAN. Or else find out what is in them and pass it around to every Reserve unit that is activated.

Mr. BUYER. When you are doing the assignment, this will be very helpful to us, I think, on the committee, Mr. Chairman, that if you can help us in this justification question here on the rank. If you say, Steve, listen, I disagree with you. Do not take them out of the active ranks. We need them, and here is why. Or with a straight face, tell me why we should increase the general rank and justify it. Or remove the three-star away from the Guard. That might get some attention.

Mr. DORNAN. I might stand with Sonny on that, given the numbers. Half a million is half a million.

Gentlemen, thank you again. What an honor to have all of you in this room. We will take a 10-minute break. If I can read off panel 3, when Major General Wahleithner, Major General Philbin, Major General Plewes, and the Honorable Terrace O'Connell are in their chairs, we will bring the gavel down.

[Recess.]

Mr. BUYER [presiding]. Let us go ahead and proceed with the hearing. Panel 3 is Maj. Gen. James C. Wahleithner, U.S. Air Force, retired, who is the national president of the Reserve Officers Association. Next we have Maj. Gen. Edward J. Philbin of the Army National Guard, retired, who is the executive director of the National Guard Association of the United States. We have Maj. Gen. Thomas J. Plewes, U.S. Army Reserve, president of the Senior Army Reserve Commanders Association. And we have the Honorable Terrace O'Connell, chairman of the Reserve Forces Policy Board.

I would ask that General Wahleithner please begin the testimony.

STATEMENT OF MAJ. GEN. JAMES C. WAHLEITHNER, U.S. AIR FORCE (RETIRED), NATIONAL PRESIDENT, THE RESERVE OFFICERS ASSOCIATION

General WAHLEITHNER. Thank you, Mr. Chairman.

As president of the Reserve Officers Association of the United States [ROA], I represent almost 100,000 active and retired officers in this Nation. The Reserve Officers Association is chartered by Public Law 595, 81st Congress, to advise the Congress on national defense issues. Our Minuteman Building at No. 1 Constitution Avenue is just across the street from our Nation's Capitol. Our members represent every military service in this Nation. Included in our membership are over 2,600 members of the National Guard.

We are a great nation today because of the citizen-soldier. Our major wars have been fought by citizen-soldiers, young men and women called to duty from their homes and their civilian jobs, who have put their lives on the line so that all in this Nation could continue to enjoy the privileges and the freedoms that we so much take for granted today.

Hundreds of thousands of citizen-soldiers have paid the supreme sacrifice in the service of this Nation. Today, more than 1 million men and women serve voluntarily in our Reserve and Guard forces. Even now as we speak, we have reservists deployed to foreign lands to support peacekeeping missions. Many called in voluntarily and many serve in a volunteer status.

Just over 5 years ago, we were involved in a major military operation in the Persian Gulf. At the peak of that mobilization, a total of 231,000 reservists had been called to active duty in support of Operation Desert Storm. When the ceasefire came on February 28, 1991, 103,662 Reserve component personnel were serving in the theatre of operations; 72 of the 381 military personnel who made the supreme sacrifice were reservists. The success of the Reserve component in the Gulf war has helped establish a precedent for increased utilization of reservists for subsequent military operations.

Yet, with the more frequent use of involuntary callup provisions of the law, it has become necessary to seek additional congressional support and protection for our Nation's reservists. So, Mr. Chairman, I am here today to support H.R. 1646, a bill that is designed to correct many problems for our Reserve forces. In our estimation, this bill is the single most important piece of legislation that will affect the Reserve forces during this year.

The ROA strongly supports the language of H.R. 1646 because it provides the first major enhancement for the Reserve components since the original Reserve Forces Bill of Rights, Public Law 90-168, was passed almost 30 years ago.

Within H.R. 1646 are several provisions which deal with the Reserve member. We very much support income protection insurance, dental insurance for reservists, and tax incentives for employers who employ members of the Guard and Reserve. We believe that the bill contains sensible language regarding the stabilization of military technicians, a continuing readiness issue.

In a number of areas, this bill updates Public Law 90-168, the Reserve Forces Bill of Rights. For example, recommended grade levels of the senior commanders would become compatible with the breadth of their responsibility. The chain of command issue in the bill supports relationships that now exist informally in most of the services. We need to have these relationships spelled out in law because they are very tenuous in their present form.

Finally, Mr. Chairman, the ROA strongly opposes any effort to amend section 301 with new language that would seek a realignment of forces between the Army and Air Reserve components. This approach to force structuring would clearly put the requirements of the States ahead of the Nation's national security needs.

Favorable action on this bill will strengthen the capability of the Reserve forces of the United States and bring policies which affect them into the 21st century.

Mr. Chairman, thank you for giving the opportunity to present the position of the Reserve Officers Association on this very important piece of legislation.

Thank you.

Mr. BUYER. General, the statement that you have offered, you ask that it be placed in the record, do you not?

General WAHLEITHNER. Yes.

[The prepared statement of General Wahleithner follows:]

Statement of

Major General James C. Wahleithner, USAF (Ret.)

National President

Reserve Officers Association of the United States

for the

Subcommittee on Military Personnel

House National Security Committee

concerning the

Reserve Forces Revitalization Act

March 21, 1996

Mister Chairman and Members of the Subcommittee,

I am pleased to be here today on behalf of the 100,000 members of the Reserve Officers Association, an organization founded in 1922 and chartered by Congress in 1950 to support the development and execution of a military policy to provide adequate national security. The association views the Reserve Forces Revitalization Act as the single most important piece of legislation affecting the organization, administration, and command of the Reserve components to be considered by Congress since the passage in 1967 of the Reserve Components Bill of Rights and Revitalization Act (PL 90-168).

In the nearly 30 years since the passage of PL 90-168, the world has changed considerably and with it the Reserve components of our Armed Forces, their missions and their capabilities. What had been a mere force in reserve, a supplement to the massive, Cold-War military establishment, became an integral and critical element of what we know today as the Total Force. The responsibilities of our Reserve forces have expanded quantitatively and qualitatively as the financial and political costs of maintaining the Cold-War establishment became insupportable. With the advent of the search for the ever-elusive, post-Cold War, peace dividend and the ensuing draw-down of our military forces, the role of the Reserve components has become even more complementary to that of our active duty forces and central to the Total Force.

This expansion of responsibilities has not been without its growing pains and the usual variety of logical and bureaucratic disconnects. While many of these problems have been relatively minor and only nettlesome in nature, others have proven more substantive in scope and have impeded progress and efficiency, degrading readiness and effectiveness while increasing operating costs. Questions of command relationships and structure, accessibility of Reserve forces, and funding accountability, as well as various Reserve-unique quality of life issues have recurred with growing frequency and urgency as the tempo of Reserve operations has itself increased.

The solution of these problems and the resolution of these issues provide the focus and the organizing principle of H.R. 1646. The bill is eminently pragmatic in nature and does not attempt to fix what's not broken. On the contrary, it offers solutions to real-world problems based upon the first-hand knowledge and professional experience of those who have been intimately involved in their practical consequences.

For far too long the Reserve components have been in the position of having to overcome not only the normal challenges involved in training for and actually performing their military missions, but also the at-times-all-but insurmountable difficulties inherent in institutional inertia and resistance to change, as well as apparent bureaucratic obstruction.

Since the end of the Cold War, there has been a quantum increase in the use of Reserve forces for operational missions. (The Army Reserve alone has seen a 300 percent increase in its operational activities.) Although there were evolutionary changes in the way our Reserve forces were trained and equipped taking place

throughout the 1980s, it was the experience of the Persian Gulf War that most clearly highlighted the role of the Reserve components and their unique contributions to the Total Force. It was the mobilization and deployment of the Reserve and the Guard, and their community-based forces that ensured that our troops had the popular support essential for battlefield success. This was the great lesson of our Viet Nam experience -- without the support of the people in our cities and towns across America, there is no victory.

It was the use of our Reserve forces in the Gulf War that led this nation to the recognition that the war that we were fighting was not the Armed Forces' war, but its own. If, as Clausewitz says, war is the continuation of politics by other means, then the calling and deployment of Reserve forces makes that continuation of politics local, very local, indeed. The use of the Reserve components forges the moral link upon which victory largely depends.

In view of their increasingly essential role in the defense and furtherance of our national interests, our Reserve forces must be organized, administered, resourced, and commanded in the most efficient and effective manner possible. The Congress, in considering H.R. 1646, is carrying out its constitutional duty to raise armies and to make laws for their governance in order to ensure that efficiency and effectiveness. H.R. 1646 is intended to be a legal framework that will bring new clarity and relevance to the operations and governance of our Reserve forces as we move forward into the next millennium.

H.R. 1646 takes, as noted above, a pragmatic approach to many of the problems and inefficiencies that have plagued our Reserve forces over the past 30 years. The bill was quite clearly not developed in a vacuum or in a theoretical ivory tower; rather, it bears the print of reality and the cachet of experience. There are several areas covered by the bill that I would like to address: Reserve Component Structure; Reserve Component Accessibility; Reserve Component Resources; and Reserve Forces Sustainment.

TITLE II

RESERVE COMPONENT STRUCTURE

- H.R. 1646 would establish and codify separate command headquarters for the federal Reserve forces of the Navy, Air Force, and Marine Corps. (A separate Army Reserve Command was established by previous legislation.) This provision simply codifies existing practice in each of the services, and ensures that this command arrangement will survive any vagaries of incompatible personalities that could erode and undermine a less formal plan. For the same reason, the bill would have each Reserve component commander report directly to his chief of service, ensuring both access and visibility, irrespective of the personalities involved. The fact that the chief

of the Reserve component reports directly to the chief of staff of the active component sends a message to our totally volunteer force of citizen-soldiers, sailors, and airmen that their contribution is important.

- The bill would also establish the grade of the several Reserve commanders at the lieutenant general/ vice admiral level. This provision recognizes the magnitude of the responsibility associated with the size and missions of each of the Reserve commands. This is also an equity issue in as much as active duty commanders at the three-star level routinely have less responsibility and command fewer troops than would the Reserve component chiefs of their services. Moreover, this grade gains the Reserve chiefs/commanders a seat at the table when resources are allocated within their respective services. They will be able to speak directly as advocates for their components' programs, rather than relying upon others to carry their mail and fight their fight in this most critical of arenas.

- Finally, the bill decouples Reserve component active duty general and flag officers from congressionally established Active component grade ceilings that have historically had to absorb them, reducing the number of general and flag officer billets available to the Active components. In view of their own responsibilities, the Active components have been understandably reluctant to part with any of the general and flag officer billets allocated to them, at times impeding the accomplishment of Reserve component missions. However, the increasing complexity, frequency, and scale of Reserve force support of contingencies and other operations underscore the need for readily available active duty billets for senior Reserve officers. Decoupling will help provide the Active and Reserve components of all the services the senior leadership positions that they require.

TITLE III RESERVE COMPONENT ACCESSIBILITY

- The close of the Cold War marked the end of 50 years of bipolar superpower politics, and the beginning of a period of evolving regional conflicts. The new world order is far less stabile and calls for at least as much, if not more, strategic balance than did the world before the fall of the Soviet empire. This new world has required a shift in missions and in vision if the United States is to play the role of the world's only remaining superpower. There are some things that only a superpower can do, and must do, if global chaos is to be stemmed if it cannot be wholly avoided.

The down-sizing of our Armed Forces that has characterized post-Cold War military realities, has given the strong endorsement of events to the validity of the Total Force policy. Military operations in the Iraq, Kuwait, Turkey, Somalia, Rwanda, Haiti, and now Bosnia have all required the use of our Reserve forces, either as volunteers or as mobilized units or individual service members. In today's Total Force, no military operation of any significance or duration can even be seriously contemplated without early recourse to the skills and assets found wholly or in part in

the Reserve components.

While this policy has worked well in the recent past and has made much of our post-Cold War military activity economically feasible as well as efficient and successful, it has also underlined a very real downside that must be considered in all aspects of Total Force operations. Reservists are, by definition, citizen-soldiers. They are civilians who have volunteered to serve in the military part-time and to be mobilized when their country calls upon them to serve in support of our national defense or interests. When this occurs, when they lay down their civilian occupations and take up the uniform of a soldier, they do so often at great personal and professional cost to themselves, their families, their employers (and employees), and their communities.

The difficulty arises when the nation becomes engaged in a series of military operations that require Reserve forces for their execution. Because of the structure of today's Total Force, we end up mobilizing the same units for many operations simply because they are the Total Force providers of a specific function that is essential to that particular kind of operation. Indeed, as a result of the drawdown of all components of the Total Force, the same unit may be, and probably is, multiply tasked in any case. It's a fair bet that medical, civil affairs, military police, and transportation units will be on everybody's troop list when it's time to raise the flag. And because there are fewer units, the same units end up being called for each contingency.

The reporting requirements contained in H. R. 1646 are not intended to make it more difficult for the president to gain access to the Reserve components. On the contrary, overall, the bill's provisions make it easier in some cases for the president to gain access to the Reserve units and equipment he needs to more effectively meet emergent situations. Rather, the reporting provisions are included to ensure that the president and the Congress are both aware at every stage of a contingency mobilization of the scope, duration, and rationale for Reserve involvement. The intent here is to emphasize the part-time nature of our Reserve forces, and to ensure that they are not misused or abused in the course of their mobilized service. The reporting requirement is simply intended to remind those in power that those Reservists who are augmenting the armed services' regular forces, have other lives that they have put on hold, and that the nature of their service as citizen-soldiers ought not to be taken lightly or for granted.

The concept underlying this section of H.R. 1646 is that Reserve forces should be used to augment our regular forces as often as they are needed, and released from active duty as soon as possible. We must never lose sight of the fact that despite legal protections, returning Reservists often find that during their absence, the world has moved on, and their civilian livelihoods have been diminished or destroyed for want of their presence. Once their mission is completed and the crisis past, mobilized Reservists should not be involuntarily retained on active duty if there are regulars available who can do the job.

TITLE IV RESERVE COMPONENT REPORTS and BUDGET ISSUES

- H.R. 1646 would require the Secretary of Defense to include in his annual report to the Congress a report on any equipment incompatibility and any funding shortfall affecting the Reserve components. The bill would also "fence" certain funds exclusively for Reserve use and would require transfers of funds from Reserve to Active component accounts to be specifically authorized by law, rather than by committee approval as is now the case.

We support both of these provisions. The reporting requirement would ensure that Reserve component needs and their implications receive both attention within DoD and visibility with the Congress. We also strongly endorse the concept of fencing Reserve component appropriations to ensure that they are protected from reductions and reprogrammings resulting from OSD's determination that there are higher priority requirements that must be supported at the cost of previously justified Reserve programs. Reserve appropriations, which are typically small and carefully justified to start with, can ill-afford the kind of salami-slice, share-the-hurt approach that OSD programmers have historically employed.

TITLE V RESERVE FORCES SUSTAINMENT

With the increase in operational tempo that the Reserve components have experienced since the end of the Cold War, in terms of both frequency and duration of activations, we are moving perilously close to the point where the very real distinction between the citizen-soldier and the full-time soldier begins to blur to the detriment of all concerned. H.R. 1646 recognizes the essential nature of the citizen-soldier, citizen first and then soldier, and contains a number of provisions that address and accommodate the realities of the Reservist's unique role within his community.

- This association fully supports all of the force sustainment provisions of H.R. 1646, but we are particularly pleased to see those sections dealing with restoring the tax deductibility of Reservists' nonreimbursable expenses and providing authority for the payment of transient housing charges when Reservists train over 50 miles from home. For years Reservists have trained regularly without pay, often traveling substantial distances to do so and, in effect, subsidizing their services' operations. These provisions recognize some of these gratuitous contributions and restore a degree of equity to this arrangement.

- We are also very pleased to see the Selected Reserve dental insurance plan language in this section, as well as the income protection insurance, tax incentives for employers of Reservists, and the small business loans provisions included in the accessibility portion of the bill. These provisions as well as the sense of Congress language on military leave policies and the continued payment of quarters allowances go a long way toward remedying long-standing inequities and reassuring our citizen-soldiers that their contributions are recognized and appreciated by the nation.

In summary, we at the Reserve Officers Association are very pleased with H.R. 1646. We are convinced that the initiatives and reforms that the bill contains are long overdue, and that their passage will significantly improve the effectiveness, efficiency, and accountability of our Reserve forces as America's Total Force enters the 21st century.

ADDENDUM
to
RESERVE OFFICERS ASSOCIATION
TESTIMONY
concerning
THE RESERVE FORCES REVITALIZATION ACT (H.R. 1646)

Per the request of the Military Personnel Subcommittee of the House National Security Committee, the following observations are provided:

ORGANIZATIONAL.

- Separate Reserve Commands -- This initiative is intended to codify in law what already exists in practice. It will provide a legal basis for Reserve commands, commanded by the chiefs of the armed services' Reserve components. These peacetime commands would be discrete, ensuring a level of visibility and access to the services' senior leadership that would not be possible if they were buried as subelements of other commands.

Currently, much of this has been achieved as a result of the personal relationship between Reserve component commanders and their service chiefs. Operational relationships should be a matter of law, not of personality.

- Reserve Command Chain of Command -- Like the provision just discussed, this initiative is intended to establish and maintain RC visibility and access to the services' senior leadership. This reporting chain also acknowledges the Reserve component commanders' level of responsibility in terms of numbers of personnel commanded and missions assigned.

- Assignment of Non-mobilized Reserve Forces to Reserve Commands -- This provision enables the Reserve component commanders to resource, administer, and train the personnel under their command most efficiently in peacetime. This is a peacetime-only relationship that upon mobilization would be superseded by the assignment of troops to gaining CINCs.

- Increases in the Number and Grade of General and Flag Officers -- These increases reflect the grades and numbers of senior officers commensurate with the size and missions of comparable commands, irrespective of component. The grade increases would not be questioned if these were Active component commands.

The number of Marine Corps Reserve general officers increases from 10 to 16 due to "the current and emerging requirements placed on the Marine Corps Reserve to increase participation in joint staffs and operations to enhance seamless integration with the active component." Current statistics reveal that the Marine Corps' ratio of general officers to endstrength is 1 to 3,995; the DoD average is 1 to 1,812. This proposal is unrelated to the proposed changes to grade limitations and accountability of Reserve general and flag officers on active duty.

- Exemption of Certain General and Flag Officer Positions from Statutory Active Duty Grade Ceilings -- Currently all general and flag officers (with a very few exceptions specified in law), regardless of component, serving on active duty count against the congressionally imposed grade ceilings. Exempting those senior officers serving on active duty to administer the Reserve components from the current ceiling and accounting for them separately would provide a more logical identification of these important positions. Such an exemption would ensure that the Reserve components had a number of active duty positions for their senior officers that was certain and not subject to prior commitment based on Active component priorities.

- Expanded Responsibilities of Reserve Chiefs/Commanders (Including Functional Management of Equipment Appropriations) -- This provision would make the chief/commanders of the Reserve components responsible for all aspects of their appropriations, including planning, programming, budgeting, and execution. In practice there would probably be little change in the RCs' operations, since the Reserve chiefs are already providing input to their parent services for inclusion in their program and budget (including execution) submissions to OSD, and normally justify the their Reserve programs before the Congress. The functional management of the RC procurement appropriations would follow the same pattern as the other appropriations from planning through execution. The RC chiefs would use their parent services' procurement apparatus to actually acquire and distribute new equipment. They would monitor the acquisition and distribution of their equipment.

Mission and Accessibility.

- Involuntary Recall of Reserve Units and Individuals to Respond to Natural Disasters -- A very good idea, but one that is so politically sensitive as to make it untouchable at the moment (or perhaps, at any time in the future). However, if the language included in the February 13, 1996, version of the bill were accepted, there would be no need for any realignment of assets to the National Guard as has been recommended by the NGAUS. Federal assets would be available upon request by the affected governors.

- Active Force Augmentation and 48-Hour Prior Notification Provisions -- both of these provisions have their genesis in the principle that the Reserve forces are intended to augment, not replace, the Regular forces of the armed services. They are citizen-soldiers who have civilian lives and careers that they must interrupt to be mobilized. This they are clearly willing to do, but is not to be done lightly, or without thought being given to the implications and consequences of such actions. Being activated is a big deal for Reservists; the notifications required by H.R. 1646 are not for the president. We cannot recall or imagine an emergency in which Reserve forces would be required to be activated that would not permit the 48 hours' notice that is provided for in the bill.

Reserve Resources.

- **Limitation of Intercomponent Reprogrammings** -- This provision is intended to ensure that funds programmed, justified, and appropriated for the support of the Reserve components are not too easily reprogrammed to support other "higher priority" requirements (determined by the Active components), as has sometimes been the case in the past. The thought is that if these funds are appropriated in law, it should require a change in law to, in effect, reappropriate these funds.

- **Reserve Component Resource Shortfalls** -- The Reserve components have consistently been underfunded in all areas, i.e., personnel, operations and maintenance, and military construction. This report would clearly identify these shortages as shortages. The problem historically has been systemic: the presidents budget request is based upon DoD and OMB guidance, and reflects available funding, not required funding. Requirements virtually always outstrip resources, but are never reported as an absolute requirement to the Congress as a part of the budget cycle. The report envisioned in H.R. 1646 is intended to provide the big picture as a meaningful frame of reference against which the annual budget request may be readily measured.

Reserve Forces Sustainment.

- The several sustainment initiatives contained in Section V, i.e., tax deductibility of nonreimbursable expenses, authority to pay certain Reserve-related housing charges, continued payment of Reservists' quarters allowances during periods of active duty for training, continuation of the current military leave policy, a dental insurance plan for members of the Selected Reserve, and the military/community mutual benefits program are all viewed as salutary and desirable.

While this association has no way to estimate the costs of these initiatives, it views them as critical to the Total Force's ability to sustain Reserve membership and participation. These initiatives are government's recognition of the many sacrifices and unremunerated contributions made by our citizen-soldiers, sailors, and airmen in the course of their service in our Reserve forces.

It is interesting to note that the IRS has changed the rules on deductibility of Reserve-related nonreimbursable expenses only relatively recently. These expenses had historically been fully deductible, and are now only useful if the Reservist itemizes his deductions and reaches the 2 percent miscellaneous deductions threshold. It is also worth observing that the Army is apparently considering submitting a legislative change that would remove Reservists' entitlement to a quarters allowance when they are on active duty for two weeks or less. (This was originally a perennial CBO proposal that was taken up by the Performance Management Review.) Reservists view this erosion of their benefits as an indication of a decrease in the value that government sets upon their contributions to the national defense.

- **AC/RC Benefit Equity** -- This is an equity issue that has a direct impact on Reserve personnel retention. It is intended to ensure that pay and entitlement for all personnel on active duty and benefits for their dependents are the same regardless of component. Currently there are some special pays that activated Reservists cannot receive until they have served on active duty for more than 30 days. There are also medical benefits for which they and their dependents are not eligible until they have served on active duty for specified periods (sometimes delaying their eligibility up to a year or more).

Again, this association is not able to estimate the cost of the proposed change. We do note, however, that it is an issue that concerns many Reservists when they are called to active duty to support contingency operations.

Mr. BUYER. For all of you gentlemen, we will accept your statements in the record as if they had been read, and if you would summarize, we would appreciate it.

Mr. O'Connell, you may proceed.

Mr. O'CONNELL. If you do not mind, we will go in the order that you have it up there already with General Philbin.

Mr. BUYER. That is fine.

General PHILBIN. Would you like me to go next, Mr. Buyer?

Mr. BUYER. Yes, General Philbin?

STATEMENT OF MAJ. GEN. EDWARD J. PHILBIN, ANGUS (RETIRED), EXECUTIVE DIRECTOR, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

General PHILBIN. Mr. Chairman, Congressman Laughlin, I do not want to fly under any false colors here today. I am a retired Air National Guard officer and not an Army officer, so you will have to excuse me if I do not have the expertise you might expect.

I really appreciate the opportunity to appear before your committee on behalf of the members of the National Guard Association of the United States and also the Adjutants General Association of the United States to present our joint position on the provisions of H.R. 1646, the Reserve Forces Revitalization Act.

My association and the Adjutant Generals Association have reviewed the proposals in the bill in detail, including the most recent revision, and continue to have strenuous and unwavering objections to several of those provisions. However, the associations can support several of the items contained in the bill relating to what General Griffith refers to as soldiers' benefits, income protection, and restrictions on arbitrary cuts to the Military Technician Force.

I have provided our detailed position on each of the major sections of the bill in my written statement and I will briefly comment on specific areas where we disagree with provisions in the bill.

In reviewing sections 201 to 208, we have taken no position on expansion of the number or increase in the rank or grade of the general or flag officers except to insist that the grade of the Chief of the National Guard Bureau must remain one grade higher than that of the other component Chiefs because of the Chief's responsibility for two components, Army and Air, which comprise almost a half-million troops or more than 50 percent of the total National Guard and Reserve strength.

We are opposed to the proposed changes to the term of office of the Chief, National Guard Bureau, in section 10502(b), and we advise that the present provisions be retained unaltered. In the past, we have supported the proposal to exempt Reserve general and flag officer positions from statutory active duty grade ceilings. We still support that decoupling but recognize that any future proposed changes in the number of Guard and Reserve general and flag officer positions should be justified to and approved by the Congress.

Finally, we generally support the provisions relating to the management of the Military Technician Program. We are, however, preparing a separate request for authority for a secretarial exemption for certain categories of technicians from the requirement to maintain dual status as a drilling member of a Guard unit.

Both associations have very serious objections to the provisions of section 301. We believe that while all useful resources, local, State, and Federal, should be easily accessible to a Governor in time of local disaster, we are convinced that the provisions in section 301 will not alleviate any current obstacles to that accessibility. If the intent of section 301 is to make Federal Reserve resources immediately available to the Governor, the intent is not achieved by these provisions, which, in fact, create additional new obstacles to accessibility, such as the required 48-hour advance notice and detailed reports of missions, length of callup, and the like.

In contrast, if the required Federal resources are assigned to the National Guard, they become an integral part of the Governor's ability to respond to emergencies without consultation or approval outside State channels. Federal support is now dependent upon a declaration of an emergency and approval of the Federal Emergency Management Agency under the provisions of the Stafford Disaster Relief and Emergency Assistance Act of Title 42.

Both associations are convinced that current authority is adequate; and, therefore, section 301 is actually unnecessary, anecdotes to the contrary notwithstanding. In a letter dated March 16, 1996, the Senior Army Reserve Commanders Association seemed to agree with that position.

Governors now have access to sufficient resources in most cases, with the exception of the rare catastrophe, and the current movement to establish a nationwide system of interstate compacts facilitates Governors sharing those resources. The benefit of State resource sharing was recently demonstrated during the Oregon floods with great effectiveness, as reported in the Congressional Record of March 6, 1996.

Those interstate compacts and a clarification of current procedures for request and provision of Federal resources through FEMA will resolve any current problems that may exist. The preliminary conclusions of the current congressionally directed study by the National Academy of Public Administration appears to be in agreement with that view.

In addition to supporting formal interstate compacts, orientation training, joint exercises, and a single point of operational control of domestic response activities under the Governor or the designated State emergency manager, a task group recommended during a recent NAPA conference that a possible shift of resources from active and Reserve forces to the National Guard should be examined. The final report of the NAPA study is due later this spring.

In summary, we are adamantly opposed to section 301 as currently written in its entirety, and based on the apparent intent of section 301 and on the preliminary results of the NAPA study, the National Guard Association and the Adjutants General Association have jointly developed an alternative proposal which would help to clarify procedures for use of Federal resources, would provide temporary authority to order units and members of the Reserve components to active duty for emergency disaster assistance, would establish operational control under the requesting Governor of all resources used in such emergencies, and finally, to the extent not inconsistent with national security needs and in a manner that preserves the approximate relative sizes of the individual Reserve

components pursuant to the off-site agreement, it would provide for a review and a realignment of resources from active and Reserve forces to the National Guard to meet future requirements for response to national disasters.

I request permission, Mr. Chairman, to submit the alternative legislative language for the record and I urge that it be adopted in lieu of the current section 301 if the Congress believes that the interstate compact solution favored by both associations is not sufficient.

While the associations agree with the intent of sections 401, 402, and 403, we believe the current reporting requirements in section 10541, along with the provisions of Title XI, the Army National Guard Combat Readiness Reform Act of 1992, and related reporting requirements in section 10542, are sufficient. We also believe that current provisions regarding budget exhibits and restrictions on reprogramming of funds are adequate and do not require revision.

Finally, we are fearful that the proposal in section 506 to establish a mutual benefits program might be detrimental to current exchange and other morale and welfare programs. Additional information on the intent of section 508, parity of benefits for active duty service, is also required before the associations can decide on a position.

In conclusion, Mr. Chairman, the National Guard Association and the Adjutants General Association jointly and strongly oppose passage of H.R. 1646 as currently proposed. Although it contains several provisions that the associations have been promoting in recent years, we believe the negative effect of proposed changes in callup authority, restrictions on use of the National Guard and Reserve forces, and expanded reporting requirements would far outweigh the positive effect of the provisions we support.

We have introduced an alternative legislative proposal for use by the committee if it desires to attempt to improve accessibility of essential resources for response to national disasters without waiting for the results of the current NAPA study. Without acceptance of that alternative, we would encourage the committee to reject the majority of the provisions in H.R. 1646 and especially those of section 301 in its entirety.

Thank you for the opportunity to present these opinions. I will do my best to answer any questions you may pose. But I would like to commend Congressman Laughlin for taking the lead in trying to resolve all of these contentious issues. It is a very difficult position to be a change agent, especially in this type of an arena, and I think he has to be commended for his dedication to solving these problems.

Mr. BUYER. Sir, your alternative proposal of language to section 301 will be accepted as appendix 1 to your written statement of record.

General PHILBIN. Thank you.

[The prepared statement of General Philbin follows:]



NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

ONE MASSACHUSETTS AVENUE, NORTHWEST • WASHINGTON, D.C. 20001 • (202) 789-0031 • FAX (202) 682-9358

STATEMENT BY

MAJOR GENERAL EDWARD J. PHILBIN, ANGUS (RET.)

EXECUTIVE DIRECTOR

of the

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

to the

MILITARY PERSONNEL SUBCOMMITTEE

of the

HOUSE NATIONAL SECURITY COMMITTEE

21 MARCH 1996

Mr. Chairman, I appreciate the opportunity to appear before your committee, on behalf of the members of the National Guard Association of the United States (NGAUS) and the Adjutants General Association of the United States (AGAUS) to present our joint position on the provisions of H.R. 1246 The Reserve Forces Revitalization Act.

My Association and the Adjutants General Association have reviewed the proposals in H.R. 1646 in detail, including the most recent revisions, and continue to have serious and unwavering objections to several provisions. However, both Associations can support several of the items contained in the bill relating to personnel benefits, income protection and restrictions on arbitrary cuts to the military technician force. I will offer our position on each of the major sections of the bill, with detailed comments on specific areas of agreement and disagreement.

In reviewing Sections 201 to 208, neither of the Associations has taken a position on provisions which would establish separate reserve commands, or to the chain-of-command or assignment of those forces prior to mobilization because they do not affect the National Guard. Similarly, we have taken no position on expansion of the number or increase in the rank/grade of general or flag officers, except to insist that the grade of the Chief of the National Guard Bureau (NGB) must remain one grade higher than that of the other component chief's because of the Chiefs responsibility for two components which comprise almost 1/2 million troops or more than 50 percent of the total National Guard and reserve strength. We also have no position on the proposed expansion of responsibilities of each of the reserve component's chief/commander. It appears that those responsibilities are similar to those established in law in 1994 as a charter for the National Guard Bureau. However, it should be noted that some of the charter provisions were tailored to the unique role of the Bureau as the channel of communications to the States and as the manager of federal resources assigned to the National Guard while under State control in peacetime. The requirement for an annual report differs in that the Chief, NGB, report was to go to the Secretary of Defense while H.R. 1646 requires that the reports of the other components go directly to Congress.

We are opposed to the proposed changes to the terms of office of the Chief, NGB in Section 10502(b) and advise that the present provisions be retained unaltered. In the past, we have supported the proposal to exempt Reserve general/flag officer positions from statutory active duty grade ceilings. We still support that decoupling but recognize that any future proposed changes in the number of Guard and Reserve general/flag officer positions should be justified to and approved by the Congress.

Finally, we generally support the provisions relating to management of the military technician program. However, we are preparing a separate request for authority for a secretarial exemption from the requirement to maintain dual-status as a drilling member of a guard unit for certain categories of technicians.

We support the goals of the initiatives in Section 302, 303 and 304 to provide tax incentives for employers, and income insurance and small business loans for members mobilized for contingency operations. However, both Associations have serious objections to provisions of Section 301.

We believe that while all useful resources, local, state, and federal, should be easily accessible to a Governor in time of local disaster, we are convinced that the provisions in Section 301 will not alleviate any current obstacles to that accessibility. If the intent of Section 301 is to make federal reserve resources immediately available to the Governor, the intent is not achieved by these provisions which in fact create additional new obstacles to accessibility such as the required 48-hour advance notice and detailed reports of missions, length of callup, etc. In contrast, if the required federal resources are assigned to the National Guard, they are an integral part of the Governor's ability to respond to emergencies without consultation or approval outside state channels. Federal support is dependent on a declaration of an emergency and approval of the Federal Emergency Management Agency (FEMA), under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 USC 5122)

Both Associations are convinced that current authority is adequate and therefore Section 301 is actually unnecessary, anecdotes to the contrary notwithstanding. Governors now have access to sufficient resources in the majority of cases, with the exception of rare catastrophic, and the current movement to establish a nation-wide system of interstate compacts facilitates Governors sharing those resources. This sharing was recently demonstrated during the Oregon floods with great effectiveness as reported in the Congressional record of 6 March, 1996. Those interstate compacts and a clarification of current procedures for request and provision of federal resources through FEMA will resolve any current problems that may exist. The preliminary conclusions of the current congressionally-directed study by the National Academy of Public Administration (NAPA) appears to be in agreement with this view. In addition to supporting formal interstate compacts, orientation training, joint exercises, and a single point of operational control of domestic response activities under the Governor or the designated State emergency manager, a task group recommended, during a recent NAPA conference, that a

possible shift of resources from active and Reserve forces to the National Guard should be examined. A final report of the NAPA study is due later this spring.

In summary, we are adamantly opposed to Section 301 as currently written in its entirety. Based on the apparent intent of Section 301, and on the preliminary results of the NAPA study, the NGAUS and the AGAUS have jointly developed an alternative proposal to Section 301, which would help to clarify procedures for use of federal resources; would provide temporary authority to order units and members of the reserve components to active duty for emergency disaster assistance; would establish operational control of all resources used in such emergencies; and, finally, to the extent not inconsistent with national security needs, and in a manner that preserves the approximate relative sizes of the individual reserve components (the "Off-site" agreement) would provide for a review and realignment of resources from active and Reserve forces to the National Guard to meet future requirements for response to natural disasters. I request permission to submit the alternative legislative language for the record and urge that it be adopted in lieu of the current section 301, if the Congress believes that the interstate compact solution favored by both Associations is not sufficient.

While the Associations agree with the intent of Sections 401, 402 and 403, we believe the current reporting requirements in Section 10541, along with the provisions of Title XI, The Army National Guard Combat Readiness Reform Act of 1992, and related reporting requirements in Section 10542, are sufficient. We also believe that current provisions regarding budget exhibits and restrictions on reprogramming of funds are adequate and do not require revision.

Finally, we fully support the provisions on tax deductibility of non-reimbursable expenses, and commendation of the Reserve Forces Policy Board which since its inception has performed its functions superbly. We support the continuing effort to establish a group dental insurance program for members, but we have not taken a position on the other provisions in Section 501 to 508. Without additional information, we are fearful that the proposal to establish a mutual benefits program might be detrimental to current exchange and other morale and welfare programs. Additional information on the intent of Section 508, Parity of Benefits for Active Duty Service is required before the Associations can decide on a position.

In conclusion, Mr. Chairman, the National Guard Association of the United States and the Adjutants General Association of the United States strongly oppose passage of H.R. 1646 as currently

proposed. Although it contains several provisions that the Associations have been promoting in recent years, we believe the negative aspect of proposed changes in callup authority, restrictions on use of the National Guard and Reserve forces and expanded reporting requirement would far outweigh the positive effect of the provisions we support.

We have introduced an alternative legislative proposal for use by the committee if it desires to attempt to improve accessibility of essential resources for response to natural disasters, without waiting for the results of the current NAPA study. Without acceptance of that alternative, we would encourage the Committee to reject the majority of the provisions in H.R. 1646 and especially those of Section 301.

NGAUS ALTERNATIVE LANGUAGE - H.R. 1646

Replaces (8) of Section 101 findings with:

(8) Allocation of force structure to and between reserve components has not in the past several years taken into account the needs of the States for capabilities and equipment in the National Guard to respond to disasters and other emergencies. Such needs should be taken into account and the reserve components should be realigned so as to assign all reserve component resources needed for state missions to the National Guard, to the extent not inconsistent with national security needs, and in a manner that preserves the approximate current relative sizes of the individual reserve components. Temporary expansion of the authority for ordering reserves to duty for disaster and emergency response should be provided until such a realignment can be effectuated.

(9) Interstate compacts facilitating the ability of the states to assist one another in disaster and emergency response can eliminate or dramatically reduce the need for military assistance from the Federal government. The Southern Regional Emergency Management Assistance Compact provides the basis for a highly effective national compact for this purpose, and it and other similar interstate compacts should be promptly approved by Congress.

(10) State response to disasters and emergencies would be substantially improved by federal funding assistance to the states for training and exercises of the National Guard for emergency response and by assignment of National Guard liaison officers to the headquarters and regional offices of the Federal Emergency Management Agency.

Replace Section 301 with the following:

Section 301. Temporary Authority to Order Reserves to Active Duty for Assistance to States in Emergencies and Major Disasters.

(a) Notwithstanding subsection 12034(b) of title 10, United States Code, units and members of the reserve components may be ordered to active duty under the authority of section 12304 of such title when necessary to provide emergency or disaster assistance described in subsection (b) of this section to a State in any emergency or major disaster, as such terms are described in subsection 102(1) and (2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288.

(b) "Emergency or disaster assistance" as used in this section means General Federal Assistance, Essential Assistance, or Federal Emergency Assistance authorized under Sections 402, 403 and 502,

respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288.

(c) Units or members of the reserve components may not be ordered to active duty under this section unless (1) such activation is requested through the Federal Emergency Management Agency by the Governor of the State affected by the major disaster or emergency, (2) such request specifies the nature of the assistance by reserve component units or members which is requested, and (3) the Governor certifies that civil and National Guard resources available to the Governor, including resources of other states available through interstate compacts, is inadequate to meet such needs.

(d) Units and members of the National Guard of a State affected by a major disaster or emergency may not be ordered to active duty under this section. Units and members of the National Guard of any other state may not be ordered to active duty under this section without the consent of the Governor or other appropriate authority of the State concerned.

(e) Reserve units and members furnishing assistance to a state under this authority shall be under the command of the armed forces, but such units and personnel of the reserve components shall be under the operational control of the governor of the State or of such governor's designee, for the rendering of such assistance.

(f) The authority under this section expires September 30, 1998.

Add new section 209:

Section 209. Basic Policy for Allocating Force Structure between Reserve Components.

(a) Chapter 1003 of title 10, United States Coded is amended by inserting after section 10102 the following new section:

"10102a. Basic policy for allocating force structure between reserve components.

"In allocating force structure necessary for national security needs between reserve components of the Army and between reserve components of the Air Force, the needs of the States for particular resources and capabilities in the National Guard of the

respective states for use in domestic emergencies shall be taken into account, and resources needed by the states for those purposes shall be assigned to the National Guard components to the maximum extent not inconsistent with national security requirements. In evaluating the needs of the States for particular disaster and emergency response resources and capabilities, individually and regionally, the transportability of such assets and the immediacy by which particular resources must respond to emergencies and disasters shall be considered."

(b) The Secretary of Defense shall require the Secretary of the Army and the Secretary of the Air Force to evaluate the present and planned allocation of force structure between the reserve components of those armed services for conformance with subsection 10102a of title 10, United States Code, as enacted by subsection (a) of this section, and to develop plans to realign their reserve components to comply with such section. The Secretary shall evaluate those plans and submit a report to Congress not later than September 30, 1997, which shall include the following:

(1) An assessment of the needs of the States for equipment and personnel specialties for the National Guard, by state and region, developed in conjunction with the Federal Emergency Management Agency and the National Governors' Association, the National Emergency Managers' Association, the Adjutants General Association of the United States, and other national associations of state government officials deemed appropriate by the Secretary. The assessment shall identify the needs related to disasters and emergencies which occur with relative regularity and the needs related to those which are reasonably foreseeable but uncommon.

(2) An assessment of the extent to which existing force structure and equipment of the National guard meets those needs, and an identification of the shortfalls by geographic distribution, equipment type and personnel skill.

(3) Identification of resources of the armed forces currently assigned to reserve components other than the National Guard which would if transferred to the National Guard offset all or a part of such shortfall.

(4) A plan and schedule for transferring such resources from the other reserve components to the National Guard, together with approximately equivalent transfers from the National Guard components to the other reserve components of resources not useful or needed for the State missions of the National Guard, so as to preserve the approximate overall current balance of force structure between the reserve components. The schedule shall to the extent practicable provide for the transfer of all such resource to be completed not later than September 30, 1999.

(5) Identification of any part of the resources described in subsection (3) which could not be transferred to the National Guard without an adverse effect on national security, and the rationale for exempting each such element from transfer to the National Guard, identifying the specific adverse effect on national security for each element recommended for exemption from transfer to the National Guard.

(6) Identification of any potential transfers of resources and force structure between the regular components and the National Guard components that could without adversely impacting national security augment the capabilities of the National Guard to respond to disasters and emergencies.

(7) A recommendation whether to extend or make permanent the authority provided in section 301 of this Act, taking into account other existing authority for ordering reserves to active duty for disaster and emergency response, and the residual resources of the reserve components other than the National Guard applicable to disaster and emergency response, if any, that will remain after the completion of the transfers required by this section."

Add New title:

TITLE VI. TRAINING AND EXERCISES OF THE NATIONAL GUARD FOR DISASTER AND EMERGENCY RESPONSE

Section 601. Training and Exercises by the National Guard

Section 201 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, is amended by adding at the end of thereof the following new subsection:

"(e) The President is authorized to make grants not to exceed 75 percentum of the cost of training and exercise of the National Guard for disaster and emergency response, excepting that no such grant shall exceed \$200,000 per annum to any State. In addition to any other funds otherwise authorized to be appropriated, there are authorized to be appropriated to the Federal Emergency Management Agency \$5,000,000 for the purpose of this subsection for the fiscal year ending September 30, 1997. The Administrator of the Federal Emergency Management Agency shall submit to the Congress not later than March 31, 1997, a plan identifying for the five fiscal years beginning after that date the funding that would be required for National Guard disaster and emergency response training and exercises sufficient to assure prompt and efficient response to reasonably foreseeable disasters and emergencies."

Mr. BUYER. To Mr. Montgomery, we have had testimony from General Wahleithner and then General Philbin and now we will have testimony from General Plewes.

STATEMENT OF MAJ. GEN. THOMAS J. PLEWES, U.S. ARMY RESERVE, PRESIDENT, SENIOR ARMY RESERVE COMMANDERS' ASSOCIATION

General PLEWES. Thank you, Mr. Chairman.

In the interest of time and with your permission, I will submit my testimony for the record and just hit some highlights for your presentation now.

I am pleased to be able to offer testimony on H.R. 1646, the Reserve Forces Revitalization Act of 1995, on behalf of the Senior Army Reserve Commanders' Association. The senior commanders and their staff officers, active or retired, of the Army Reserve have a unique perspective that we bring from our experience in working with the active Army to provide ready soldiers and units to meet national security objectives.

Our role in the military strategy is clearly changing and changing rapidly. Members of the Army Reserve, indeed, of my own command, the 310th Theatre Army Area Command in Virginia, are on active duty today in support of Operation Joint Endeavor and we will be replacing those great soldiers of the 21st ACOM that you mentioned earlier in the second rotation.

From that perspective, we are pleased that H.R. 1646 will assist us as we work to be more professional in support of our active Army. Accordingly, we strongly urge support for the general thrust of H.R. 1646, but we have some important reservations which I would like to share with you.

Our first area of reservation concerns the need for a major separate command status for the Army Reserve. This issue has been around for a long time. The so-called Independent Commission addressed these issues for the Army Reserve, and as a result, Congress created a new command structure, the U.S. Army Reserve Command, a major subordinate unit of the U.S. Army Forces Command, located in Atlanta, GA.

We now have some years of experience in which we can judge how well the new command is working and our report to you is that this command has done no less than revitalize the Army Reserve. The commander is dual-hatted, at least, serving as the commander of the Army Reserve Command and the Chief of Army Reserve, in addition to the FORCECOM job he has.

We have a place in the Army troop command structure and at the table in the Pentagon, and more importantly, I think, we fulfill today the mandate of Goldwater-Nichols, the title X relationship that is being sought in our relationship through FORCECOM with the Atlantic Command. The structure we have today gives a warfighting commander the visibility of the readiness of the force and control over the resources to accomplish a joint mission.

For these reasons, at this time, for the Army Reserve, we do not need the status of a separate command. We just submit that the command and control relationships for the Army Reserve ought not to be changed when our new system is doing so well.

Similarly, it would be inviting to support the legislation proposed fencing of Army Reserve component budgeted funds, but we cannot. The Army employs a resourcing strategy which is tiered based on the need for readiness to support national military objectives. The Army Reserve has competency in combat support and combat service support. We participate as a partner in the resourcing process. The need is for more funds for the overall Army, not an additional pigeonholing of shortfalls.

We have a concern over the proposal to place limitations on the frequency or length of individual or unit activations. As leaders, we are certainly concerned that frequent and lengthy activations will place a major burden on our soldiers and their families, but some units are one of a kind and some others are absolutely necessary to perform specialized missions. We should not tie the hands of the national command authority when it comes to getting the job done. We hope that Congress will agree that decisions to balance hardship with mission needs are best made by the leadership of the Reserve and the Guard components.

We stand in strong support of other aspects of the bill. Several provisions of the bill would enhance the quality of life for our soldiers and constitute a new bill of rights for Army reservists and we strongly support those. We worry, however, that if these initiatives are mandated without additional funds to support them, we could see a reduction in overall readiness.

I hesitate to mention general officers, but I will go ahead and do that. We have long-supported upgrading the Chief of the Army Reserve to the grade of lieutenant general on the basis that the Chief serves as the commander, and I underscore commander, of the U.S. Army Reserve with a force of nearly a quarter of a million soldiers.

We support the exemption of Army Reserve and National Guard general officers and flag officers from active duty general and flag numerical restrictions so we will not restrict the ability of the Army to have access to appropriate Reserve leadership in cases of emergency and special situations. We do not see this provision as adding to the number of generals. We see it as making it easier to interchange generals between the active and Reserve forces, as we have now with three Reserve generals over in Germany supporting Joint Endeavor. We like to see that kind of ability to continue. This legislation helps along that line.

Mr. Chairman, we were recently informed that a proposal to amend section 301 in a way that would base Army force structure allocations on State mission requirements and transfer assets from the active Army and the Army Reserve to the National Guard has been forwarded to the committee for consideration and we just had it accepted as part of their testimony.

We strongly disagree with such a proposal. Military force structure decisions must be based on national security needs. The Army's established procedures for deciding its required structure comply with constitutionally based responsibilities and are analytically sound. With its current structure defined by the needs for national security, the Army has time and time again been able to respond quickly and decisively to domestic missions when so authorized. There is no gain either to the national defense or to the im-

portant secondary mission of disaster relief in this proposed change.

The active Army, Army Reserve, and National Guard have a process called the off-site process in which we have successfully resolved force structure issues within the Army family. Legislation, we submit, is not needed.

With your permission, I would like to submit two statements containing the views of the Senior Army Reserve leaders and the Army Reserve Association on this matter for the record.

Mr. BUYER. Without objection.

[The information of General Plewes follows:]

INSERT FOR THE RECORD
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON PERSONNEL
RESERVE FORCES REVITALIZATION ACT OF 1995
21 MARCH 1996

PAGE # 156 LINE # 3725

(The information follows:)

VIEWS OF SARCA AND ARA

Letters from the Senior Army Reserve Commanders' Association and the Army Reserve Association are submitted herewith.



SENIOR ARMY RESERVE COMMANDERS' ASSOCIATION
POST OFFICE BOX 3448, MERRIFIELD, VA 22116-3448

16 March 1996

MEMORANDUM THRU

COMMANDER, USARC, 3800 NORTH CAMP CREEK PARKWAY SW, ATLANTA, GA
30331-5099

COMMANDER, FORSCOM, FORT MCPHERSON, GA 30330-6000

CHIEF, ARMY RESERVE, 2400 ARMY PENTAGON, WASHINGTON, DC 20310-2400

FOR VICE CHIEF OF STAFF, ARMY, 201 ARMY PENTAGON, WASHINGTON, DC
20310-0201

SUBJECT: Proposed National Guard Association Legislative Changes to HR 1646

1. We the undersigned have reviewed and strongly disagree with the proposal, developed by the National Guard Association of the United States (NGAUS) and the Adjutants General Association, to revise portions of H.R. 1646, The Reserve Forces Revitalization Act. This proposal was supported by Congressman Greg Laughlin in a 7 March 1996 letter to Congressman Robert K. Dornan, Chairman of the Personnel Subcommittee of the House National Security Committee. In another letter to Mr. Dornan, Major General (Retired) Edward J. Philbin, Executive Director of NGAUS provided the proposed language to Mr. Dornan, spoke to Congressman Laughlin's support and stated that he intended to introduce the proposal during a 21 March 1996 hearing on H.R. 1646. Since you are scheduled to represent the Army at this hearing, we feel it extremely important that we provide you our comments.
2. Specifically, we vehemently non-concur with provisions that base Army force structure allocations on National Guard state mission requirements and call for transfers of resources from both the Active Army and the Army Reserve to the Army National Guard.
3. Military force structure decisions must be based on national security needs. Clouding or diluting these decisions with ill-defined state mission requirements will significantly and negatively impact on a process that has been proven sound. Though stressed by dynamic threats and reduced budgets, the army's established procedures for deciding its required structure and resources comply with Constitutionally based responsibilities and are analytically sound. State missions for the Army National Guard have never been clearly articulated nor formally recognized as a basis for the Federal Government's resourcing of its military forces. The nature of domestic support and the political division of labor between the Federal and various state

governments makes this a difficult, highly politicized issue. The army, in its current structure and organization, has demonstrated, throughout its distinguished history, the unquestioned ability to respond to domestic missions, when directed by the President, using existing laws and Presidential authorities. Thus, there is no need to transfer precious federal national defense resources, currently available to all states through existing laws, to individual states or to establish redundant state compacts.

4. The proposal will not only have a detrimental effect on national security needs, it will also "break" the historic Off-site Agreement that was so hard won and important to logical downsizing of the Army's Reserve Components. It also is perceived as a follow on to an ill-conceived and illegal plan, attributed to the State Adjutant Generals of Oregon and Washington, that proposes merger of the Army Reserve into the Army National Guard.

5. Again, we feel that this proposal is blatantly self-serving to the interests of one component and extremely dangerous to the Active Army and Army Reserve. It does not enhance the national security needs of the United States and only serves to divide an Army that needs to remain seamless. We cannot more strongly urge your reconsideration of the Army's position on H.R. 1646 and withdrawal of any support for the legislation.

Th. D. Lewis

MS, USAF
310TH TAFACOM

Peter Long

MS, USAF
CG, 940 RSC

Robert L. G.

CDR, COTS 1020 ARCOM

James W. Bende Jr.

CDR 383 TSC

Robert L. G.

CDR, USAF

411TH Engineer Group

Harwood S. Miller

CDR, MS, USAF

CDR, 804TH MSO SDE

Joseph A. Schunkman

MG,

Commander, 84th Div (IT)

Paul E. Lima

BG

CDR, 88th ARCOM

Max Huggenkin, M.G.

CG 80th Div (IT)

RICHMOND, VA.

Th. D. Lewis

TRANS. P. J. G.

MS, USAF

CG, 120th ARCOM

Th. D. Lewis

ISG, USAF

14TH TAFACOM

Th. D. Lewis

MS, USAF

CG 125C

Robert W. Smith

ISG

Commander 300TH MP (Inf) (RPM)

William J. Callin Jr.

MG, USAF CDR 78 DIV (EX)

Robert W. Clement

CDR 1st Bde, 87th DIV (EX)

COL (P) USAF

Robert W. Clement

BG, USAF

Deputy Commander 77th RSC

CURTIS A. Hoop

MG, USAF

Commander, 104th Div (IT)

Big J. Gantz

CG 95TH DIVISION (IT)

OKLAHOMA CITY, OK.

Robert W. Smith

CDR, 120th ARCOM

Robert W. Dunsley

MG USAR
375th TACOM

Jim Wilson

416th ENCOM

Ronald J. Smith

SG, USAR
716th APCOM

Wesley H. Good

CG, 412th ENCOM

Joel M. Ernst 67'

MG USAR SATX

Chambers

MG USAR 81st ARCOM

W. G. Gubner

MG USAR 125th ARCOM

W. G. Gubner

AB USAR 800 MPBld.

Ray H. H. H.

BG USAR 330th Med Bgd.

Richard R. G. G.

BG USAR 330th Med Bld.

Clarence J. K. K.

MG USAR
70th DIV FA

John C. C.

MG, USAR
311th COSCOM

William E. Banon

MG, CDR 100th DIV (IT)

Leonard L. L.

MG, Command, 99th ASD

Rollin C. C.

MG Commander 83rd ARCOM

George S. K. K.

MG, CG, 97th ARCOM

Mark T. K.

BG, CG, 220th Military Police BDi

Walter D. B.

MG, CG, 311th SIGNAL COMMAND

C. J. B.

BG, CG 322nd MED Bldg 102

Frank D. U.

MG CG 91st DIV (BI)

Al Baider III
MG USAR
HQS USAR

Frank Bluff
BG USAR
9th ARDA

Mark N. Yum
BG USAR
3rd M. Bde

Robert L. Henson
BG USAR
4th ABCT

Stephen K. Kunk
COL USAR
Army Col. 378 Sig Bde

Donald Macdonald
MG USAR
70th Division LIAISON, MI

George M. Turner
MG USAR
88th RSC Ft. Snelling, Minn.

John M. O'Connell
BG USAR
Cdr 19th TAACOM
Dep. Mo. Air Force
W. Minn. / N. Minn.
BG USAR
Cdr, 89th RSC
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Alfred
44
CG - 20th RSC

William E. Coleman
BG, USAR
420th EN BDE

Richard F. Hendrix
MG USAR 71st RSC

Donald Gull
MG USAR
CDR, USACOGC

George W. Gubelmann
MG USAR
CDR 108th Div (T)

John R. Pappas
BG USAR
76th Div (T)

Michael T. Baskin, CDR
COL (P), 86th CABDE

BG George L. Davis
CDR 81st RSC

BG W. G. Paul
DCG 79th ARCOM

James Bruckman
BG USAR

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March 20, 1995

The Honorable Robert K. Dornan
Chairman, Military Personnel Subcommittee
House National Security Committee
2340 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Dornan:

On behalf of the Army Reserve Association (ARA), I am pleased to submit comments to the Military Personnel Subcommittee on a recent proposal to the Subcommittee by the National Guard Association of the United States (NGAUS) for amendment of the Reserve Forces Revitalization Act of 1995 (H.R. 1646).

First, please accept, on behalf of the Subcommittee, the Army Reserve Association's commendation for holding a hearing on this important legislation. We are honored to participate in this process.

The Army Reserve Association recently learned that NGAUS has forwarded to you a proposal for amendment of the bill which would transfer to the state-controlled National Guard "warfight" units of the Federal Reserve--that is, units of the United States Army Reserve and the Air Force Reserve that have real-world wartime missions which are essential to the active component Army and Air Force performing their wartime missions. The amendment proposed by NGAUS recites that "reserve components should be realigned so as to assign all reserve component resources needed for state missions to the National Guard..." The Army Reserve Association strongly opposes this proposal. ARA believes that such a transfer is not warranted. There is no substantial need. Indeed, exactly the opposite is the case. A recent Rand Corporation study concluded that the National Guard possesses sufficient force structure to fulfill its state emergency response missions. Furthermore, despite requests from the Active Army, the National Guard has not specified or identified its state missions, as recently as the National Guard Redesign Study that was conducted by the Army in conjunction with the Army Guard.

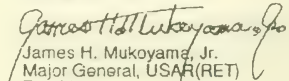
Perhaps most importantly, just two years ago, the Active Army, the Army National Guard, and the Army Reserve, supported by NGAUS and the Reserve Officers Association of the United States, came to a tripartite agreement (known as the "Off-Site Agreement") that specified the restructuring of the Reserve Components--including the realignment of units--to give America a downsized Reserve Component fighting force that is ready, willing and able to go to war as of the year 1999 and beyond. NGAUS agreed to the transfer of the same type of units to the Army Reserve that the National Guard now seeks to recapture. There has been much turmoil already experienced in commencing the implementation of the Off-Site Agreement. Many of those transfers have already occurred. There is no need to interject further turmoil, with potentially serious adverse effects on readiness and equally serious needless expenditure of funds, by jettisoning the restructuring already underway. We do believe that giving any

"Representing the Federal Army Reserve"

effect to the NGAUS proposal would diminish the already-taxed ability of the Army Reserve Component Forces to respond to military exigencies and, thus, would serve to diminish our National Security. In sum, it seems to the Army Reserve Association that an old cliché applies here: "If it ain't broke, don't 'fix' it."

Once again, I thank you for giving the ARA an opportunity to express our view on aspects of this important legislation.

Respectfully submitted,


James H. Mukoyama, Jr.
Major General, USAF (RET)
President

General PLEWES. In summary, Mr. Chairman, we stand in support of the general thrust of H.R. 1646 but we have strong reservations about some of the proposed legislation and some of the proposed amendments thereto.

[The prepared statement of Mr. Plewes follows:]



SENIOR ARMY RESERVE COMMANDERS' ASSOCIATION
POST OFFICE BOX 3448, MERRIFIELD, VA 22116-3448

TESTIMONY OF MAJOR GENERAL THOMAS J. PLEWES
PRESIDENT, SENIOR ARMY RESERVE COMMANDERS ASSOCIATION
BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
COMMITTEE ON NATIONAL SECURITY
UNITED STATES HOUSE OF REPRESENTATIVES
ON HR 1646, RESERVE FORCES REVITALIZATION ACT OF 1995

March 21, 1996

Mr. Chairman and members of the Committee on National Security. I am pleased to be able to offer testimony on HR 1646, the Reserve Forces Revitalization Act of 1995, on behalf of the Senior Army Reserve Commanders Association. We represent the senior commanders and staff officers, active and retired, in the Army Reserve. As an independent organization, we work closely with our fellow organizations which represent the views of Army Reservists and National Guardsmen on matters of national security, but we have a unique perspective that we bring from our experience in the Army Reserve. Our testimony will focus on the issues presented in the Reserve Forces Revitalization Act of 1995 from that vantage point.

We strongly support the general thrust of HR 1646. The proposed legislation contains changes in organizational relationships, missions, accessibility, resourcing, and sustainment that will help to insure that our Nation's Reserve and Guard forces are integral parts of our national security into the 21st Century. We appreciate the initiative of Congressman Laughlin in sponsoring this proposed legislation. HR 1646 addresses many areas which need fixing because we are not maximizing the use of the force today, and it corrects and redresses imbalances in the current environment in which the Reserve Forces operate. If passed into law, it will make important and lasting contributions to the national defense.

This legislation is needed because the Reserve Forces are more important to our national military strategy than ever before in history. As I testify today, members of the Army Reserve (indeed of my own command -- the 310th Theater Army Area Command) are on active duty in support of Operation Joint Endeavor. Other Reservists are still in Haiti. This legislation recognizes that new reality, and assists us as we work to become an increasingly professional force in support of our Active Army.

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For some time, the organizational structures that unite us with the Active force but permit the unique character of the Reserve Force to flourish have needed repair. The so-called "Independent Commission" addressed these issues as they pertained to Army Reserve command and control in 1992, and recommended the creation of a separate Army Reserve command, among other commendable initiatives. That command -- the United States Army Reserve Command -- is now in being, as a major subordinate unit of the United States Army Forces Command, located in Atlanta, Georgia. We now have four years of experience on which we can base judgment of the efficacy of this new command. We want to report that it has revitalized the Army Reserve. With its dual-hatted commander serving as both the Commander, Army Reserve Command, and Chief, Army Reserve, we have a place in the continental army command structure and at the table in dealings with the senior Army leadership in the Pentagon. The United States Army Reserve Command also is consistent with the mandate of Goldwater-Nichols, in that Forces Command is a major subordinate entity of Atlantic Command. Thus the Title 10 objective of providing the warfighting commander with the visibility or readiness of the force and control over the resources to accomplish the joint mission is enhanced by this command relationship.

For these reasons that we suggest that, at this time, for the Army Reserve, we do not need the status of a separate command. The proposed change in command and control relationships may well be necessary for the other services. We cannot speak to that, and certainly we would have no objection to legislation that would mandate a structure which has the support of the other service chiefs. We think that the command and control relationships for the Army Reserve ought not to be changed when we have so recently implemented a system which is doing so well.

The history of Army Reserve resourcing has always been a history of difficult competition for a shortfall in overall resources. Thus, it would be inviting to support the legislation's proposed fencing of reserve component budgeted funds. Nonetheless, we recognize that the Army Reserves are an

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integral part of the national security force. The Army employs a resourcing strategy which is tiered based on the need for readiness. With the Army Reserve's competency in combat support and combat service support, we participate in the resourcing process. Since the system is not broken, we do not perceive a need to fix it.

The third area in which we have a concern over the legislation as proposed is the language which would, indirectly, place arbitrary limitations on the frequency or length of individual or unit activations. We are mindful and concerned that frequent, lengthy activations will place a major burden on the soldiers and their families. We also recognize the reality that some units are one-of-a-kind, and others are absolutely necessary to perform specialized missions, so some of them must be available for frequent but short periods. Examples are the USAR terminal transportation units, which are needed to open port operations here in the United States to assist in moving personnel and equipment from the continental United States to overseas areas. There are no such units in the Active Force -- these are perfect missions for the reserve. The Army Reserve Command calls these units to duty for short, intensive periods at the onset of operations and stands them down as soon as the job is done. Quick, unimpeded access to these kinds of units is essential. Members of these specialized units recognize that reality. Legislation should not tie the hands of the national command authority when the service of these units is required under such exceptional circumstances. We hope that Congress will agree that decisions to balance hardship with mission needs are best made by the leadership of the Reserve and Guard components. I can assure you that the Chief, Army Reserve is absolutely mindful of the need to balance the mobilization burden and the mission requirements. We believe that the proposed reporting requirements are not needed.

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Our reservations about the above provisions of the bill do not dilute our support for other aspects. The Senior Army Reserve Commanders support, and urge the adoption of several provisions of HR 1646 which enhance the quality of life for our soldiers, and collectively, constitute a bill of rights for the Army Reservists. These provisions include economic assistance for small businesses, restoration of tax deductibility for nonreimbursable reserve service expenses, temporary quarters allowance for training conducted at some distance from the Reservists home, and group dental and retail price discounts. However, these initiatives could be quite expensive. They should not result in a draw on our already-underresourced personnel expense accounts. If these initiatives were mandated without the appropriation of additional funds to support them, they could well lead to a reduction in overall readiness.

Our Association has long supported upgrading the Chief, Army Reserve to the grade of Lieutenant General. This grade is totally justified because, since 1992, the Chief has also served as Commander, U.S. Army Reserve Command, with a force of over a quarter of a million soldiers stationed in all 50 States and the territories, and forward stationed in Europe and on the Pacific Rim. No Major General or Lieutenant General other than the Chief, Army Reserve has such a broad responsibility and commands such a major force. Indeed, the Army leadership has stated that the position of Chief, Army Reserve is justified as a peacetime commander on the basis of that command responsibility. Though we recognize the Army can accomplish this necessary action without legislation, we also recognize that the upgrading of this position would be buttressed if legislated.

We support the exemption of Army Reserve and National Guard general/flag officers from active duty general/flag officer numerical restrictions. This has been a problem which unnecessarily restricted the ability to the Army to have access to appropriate Reserve leadership in cases of emergency or special situations. Further, major full-time assignments such as the Commander, U.S.

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Army Reserve Personnel Command were not filled at the appropriate Brigadier General level because of the active General Officer restrictions. HR 1646 would correct this problem.

One last item. We were recently informed that a proposal to amend Section 301 in a way that would base Army force structure allocations on State mission requirements and transfer assets from the Active Army and the Army Reserve to the National Guard has been forwarded to the Committee for consideration as part of the bill. We would strongly disagree with such a proposal. Military force structure decisions must be based on national security needs. The Army's established procedures for deciding its required structure and resources comply with Constitutionally-based responsibilities and are analytically sound. With its current structure, defined by the needs for national security, the Army has time and again been able to respond to domestic missions when authorized. There is no need to transfer increasingly scarce federal national defense resources, currently available for both missions, to individual states or to several through redundant state compacts. There is no gain, either to the national defense or the important secondary mission of disaster relief in this proposed change. The Active Army, Army Reserve, and National Guard have a process, called the "Offsite" process, in which we have successfully resolved these matters, within the Army family. Legislation is not needed.

In summary, Mr. Chairman, we stand in support of the general thrust of HR 1646, while expressing reservations about some of the legislation which, based on our experience as leaders of our Nation's Army Reserve, may not be necessary.

Mr. BUYER. Thank you very much.
Mr. O'Connell?

**STATEMENT OF HON. TERRACE O'CONNELL, CHAIRMAN,
RESERVE FORCES POLICY BOARD**

Mr. O'CONNELL. As with Congressman Laughlin, I have a long statement which I will submit for the record and submit some highlights.

Mr. BUYER. Without objection.

Mr. O'CONNELL. As you are well aware, the Board was established by Congress in 1952 to protect and to observe the roles of the civilian components, the Guard and the Reserve, in the Department of Defense structure and in the changes that were taking place subsequent to World War II between our traditional militia-based self-protection force and the large standing army that was considered to be necessary after World War II.

The wisdom of Congress in establishing that Board I think has been demonstrated over and over again as the years progressed and as changes took place, not only within our force but also within the relationship between the Guard and Reserve and the active components.

I think that we have taken the position at the Board that Congress's mandate to us and those 44 years of legislation at continuing intervals augmenting the Board, increasing its membership to include membership of every component of every service, including the Coast Guard, and it is the only place where those component members can sit together at a table and discuss issues and try to work things out, recently, our focus has been to try to find commonality together among those components, to try to deal with issues and problems that arise on a regular basis, on a continuing basis, and try to resolve those issues by bringing people together.

To that end, what we have done with this particular piece of legislation, even though we have taken positions and made recommendations on elements and particular problems that would have contained elements of this bill, we did not take a position on the bill as a whole or even strong positions on certain elements of the bill but we worked to try to find the commonality amongst all the groups and try to bring people together because we think that this is a rare opportunity, as was suggested the last time this was done, which was quite a while ago, and that we are looking at the omnibus nature of this bill as an opportunity for you in Congress to address some of these difficult issues that have to be resolved.

What I have been impressed by in the testimony so far today, and I have been here from the beginning, is not the differences and the objections that various elements have had with this bill but the common interest in solving the problems that are represented by the elements and sections of this bill.

I think that I am also struck by some of the good communication and some of the bad communication that takes place on a regular basis between the Congress and the Department of Defense. You mentioned, Mr. Chairman, about being a good listener, and I think it is important to be a good listener. I listened when Congressman Laughlin gave his initial statement and also when Chairman Dornan mentioned the language that is in the hall downstairs. That

first section about Congress's responsibility to organize and to maintain and to fund armies, or to raise armies, is very important.

I know Congressman Laughlin—I have heard him say it over and over again—is concerned that those of us in the Department of Defense do not often grasp that responsibility and the primacy of Congress on those issues, and I think that it is important.

On the other hand, I was struck listening to Secretary Lee's testimony in talking about just one small issue, but an important issue, the issue of tax benefits for employers, that she in working on trying to develop language to address this particular issue is conscious of the pressure that you are under in Congress of tight budgets and financial and monetary pressures and so is trying to work the Defense Department solution in the smallest possible purview in order to be conscious of the concerns that you have in Congress.

So I think that there is interest on both sides, Congress and the Department of Defense, in doing a good job and doing the best thing for our national defense. I would also agree, I believe, that everybody feels they are doing a good job, that many of these issues revolve around money and revolve around scarce resources. I think that I would agree that there has been substantial change and substantial progress in the achievement of total force, certainly over the last 10 years, but I would make a particular point. There has been some dramatic progress over the last couple of years, and I would use one particular example.

I would recommend, and actually some of the people in this room, General Philbin, General Griffith, who appeared before you earlier today, General Baca, and the general who was not here, Gen. Paul Blackwell, who is the DESOPS of the Army, who got together to deal with a very contentious, very explosive issue of reorganizing the Guard combat units and in a cooperative effort came about with an out-of-the-box solution to reorganize those efforts that has been agreed upon between the Guard and the active Army. I think this is an example of the kind of things that can be done if people have the right attitude.

I think that one of the important things that we have noticed at the Board is that many of the good things that have happened over the last few years are the result of personalities and attitude. I think we are concerned with those personalities and attitudes producing good things, that the good things themselves tend to hide the fact that many of those things have not been structural in nature but have been because of the good will of individuals.

So there are a number of concerns that I think are addressed in this bill that codify those kinds of good attitudes and I think that they require difficult decisions, and it is quite a challenge for you in Congress because they lead to very difficult decisions.

I was struck by your mentioning of the differentiation between the general officer slots from World War II to now. I am sure all of those Vice Chiefs will go back and do a wonderful job in validating those changes, and I know you are aware of some of the differences that account for some of those. It is very different, running a World War II destroyer and running an Aegis destroyer, but—

Mr. BUYER. There is more jointness in operation, as well.

Mr. O'CONNELL. And there is more jointness in operations. There is a much more complicated level of operation and interoperability amongst services than there were, and not just our services but also other countries' services. So it is a higher level kind of responsibility and a higher quality of knowledge and experience that is required from these people.

But I was also struck by the very numbers that you were talking about, especially in four-star general ranks; that exactly comes to the point, raising the ranks of these Reserve component commanders. With all of that increase in rank, just as you have—I know you are a military officer and you understand the creep in OER's. If you have somebody who you think is in the top 5 percent, you cannot rate them at 95 percent or they are done. You have to rate them at 99 percent. Is that good? It probably is not, but that is the way life is.

When you have 36 four-star generals, if you have a bunch of two-star generals trying to work their way into rooms where decisions are being made about dollars being divided, or even 50-cent pieces or quarters divided, that is very important that you be in those rooms to make those decisions. If you are left where the people are dividing up nickels and pennies, then you are in a lot of trouble.

So as far as accessibility is concerned, I think we at the Board feel very strongly that the accessibility is important. It has been demonstrated to be important.

General Ralston's response to a question mentioned all the general officers they have on the Joint Staff. One he did not mention, which is a very recent addition, is that Admiral Owens, when Vice Chairman, suggested that we have Reserve representation on the JROC, a relatively newly invented group of those Vice Chiefs that were over there today that make a lot of decisions that are important for the services.

He added Major General Davidson, who was in the audience earlier today, to be on that JROC. Now, he cannot be on the JROC. He can be in the room. He can respond when asked, because he is a major general and everybody else is a four-star general. So those protocol differences are real and they are important. But having somebody in that room that can talk and can bring forth the Reserve point of view is very important and, I think, very vital.

Does it pose a question and a problem in increase of general officers rank and do you all have to make a decision about how many of those grades there are overall and where they should come from? Absolutely, and that is a difficult decision. Is it a difficult decision to deal with high levels of higher ranks at a time when you are downsizing the lower ranks? It is a very difficult decision. It is one of the reasons that Congress, you alone, have the primacy in making these decisions and have the total control of the lifeblood of the Republic, which is money, that you can make those decisions.

But I think the point overall that we would like to make about this bill, and we would be glad to respond to any particular questions about it and also give you copies of those issues that we have made particular recommendations to the Secretary on that are dealt with in this bill, is that I would describe this glass as like 60 or 70 percent full rather than even half full. I think there are a lot of important things in this bill.

There are a lot of things that have to be resolved, and I think that it is important, quite frankly, for Members of Congress and members of this committee to look into these issues, to deal with them in detail, to see if there are ways to compromise and bring people together so that we can address the concerns that people have about things like interior accessibility through rank, exterior accessibility to the forces, dealing with the problems that come about because of the increased utilization of the Reserve components.

We are putting demands on our active forces. We are putting demands on our Reserve forces to help compensate for that. That leads to demands on the employers that you noted today and they are all part of the same picture and we have to deal with every one of those.

In the area of benefits, that is another area that we strongly supported equalization of benefits. I think that, as reflected in testimony today, the Department of Defense and all of its subsidiary elements are under tremendous budgetary pressure from Congress and from the reality of the American people's interest in achieving their peace dividend, so they are conscious of every nickel and dime.

They are conscious of the fact that they have a lot of demands. They have demands for modernization. They do not have the money to fulfill all those demands. They have demands to meet the expectations of the war plants, the BUR, of our daily activities, and they do not always have the resources to meet all those things.

They are very conscious of trying to meet the requirements of treating everyone equally without having the necessary budget to take care of that, and where do they trade, where do they get the money to take care of that? I think those are questions that rightfully fall to you all.

We strongly feel that the purposes and the general thrust of this bill are extremely valuable and would offer, first of all, to be of whatever assistance we could be to work with you and to work with others to try to come to agreement and acceptance on the subsidiary issues of the bill.

[The prepared statement of Mr. O'Connell follows:]

Statement of the Chairman, Reserves Forces Policy Board

HNSC, Military Personnel Subcommittee Hearing

March 21, 1996

On behalf of the Reserve Forces Policy Board, I am pleased to have the opportunity to address issues and concerns that affect the Reserve components as part of this Nation's Total Force. The relationship between the Board and the Congress is a special one, with over 43 years of working together with the same vision .. a mission-ready, capable, Total Force to meet the country's national security military challenges. The Board considers itself to be a longtime friend of Congress. General George C. Marshall, as Secretary of Defense, created the Reserve Forces Policy Board in 1951. Congress codified the Board's role in the Armed Forces Act, Section 257 of which established the Reserve Forces Policy Board in Title X. Subsequent legislation, the Reserve Officer Personnel Act of 1954 and the Reserve Bill of Rights and Revitalization Action of 1967, underscored the Board's role as "principal policy advisor" and expanded its authority and responsibility.

The United States is unique among world military powers by providing, via the Board, a mechanism for the seven Reserve components to participate in the formulation of major policies affecting the role of their forces in the national defense. The Board's statutory authority and independence make this participation effective.

The Board communicates regularly with the Congress through its annual report, entitled Reserve Component Programs, and in the Secretary of Defense's Annual Report to the Congress, as well as other times, such as now, when an important piece of legislation is considered that will

affect the Reserve components. The Board appreciates the past support this committee has provided the Reserve components as key partners on the Total Force. This Board appreciates this opportunity to present its observations and support for HR 1646.

The United States is also unique among world military powers in its civilian-military leadership structure and its reliance on the Total Force. After 25 years of Total Force evolution, the integration of the Reserve components into the planning process of the Active components has virtually become an accepted part of military culture. Personnel downsizing, shrinking defense funding, and reduced equipment resources, and changing world events in the post-Cold War era have forced the rethinking of our national security strategy and reshaping of our defense structure. In the past, the Guard and Reserve were viewed by the military services as "assisting" the Active components. Today, they "permit" the military services and commanders in chief to accomplish their missions. Roles that received less emphasis during the preceding decade are now becoming more important.

The President exhibited a high degree of confidence and acknowledged a need for the Guard and Reserve by executing the Presidential Selected Reserve Call-Up authority for operations in Haiti and Bosnia. It has been said that the mobilization of the RC is both the enabler and the litmus test of the will of the American people to commit to military action. However, we must not forget when a nation calls on certain citizens to abandon their private lives for an extensive period of time to act on its behalf, that nation should protect and preserve the private lives of those citizens. In that spirit, the Board urges that Congress respond to the need to more in tune with the needs of the family, employer, and Reservist, while ensuring the effective and efficient use and management of the Reserve component in the Total Force.

The importance of the RC in peacetime operations, as well as during times of national emergency, has grown, and with that increase systemic problems have surfaced. These problems, both large and small, must be addressed if today's force mix and its efficiencies are to be sustained. The Reserve Bill of Rights and Revitalization Action of 1967 addressed RC problems that were apparent at that time. Problems have arisen since then, in large part, due to the evolving military structure and the likelihood of more frequent use and deployment of the RC. We need to clean up the issues, operational problems and concerns that have arisen since 1967. Recent authorization acts have addressed some areas, but there are still issues that must be resolved.

I was pleased to note the section of HR 1646 that reaffirms the Board's role. On behalf of the Board, I want to say thank you for the good words in sec. 507. The Board takes its role seriously and will continue to evaluate and report on the strengths, weaknesses, and concerns of pertinent laws and policies that directly affect the Reserve components in the areas of mission, operations, readiness, cultural issues and the public's and Reservists' attitudes..

The Board considers HR 1646 to be an "omnibus bill" that provides much needed fixes in a number of areas that the Board has noted in earlier testimony and reports. A new Reserve Revitalization Act will enable the Department of Defense to develop forward-looking programs and policies needed to better achieve seamless RC/AC integration. While increased use of the Reserve has reduced Active force operating tempo (OPTEMPO). Reservists are "citizen-soldiers" who have their own OPTEMPO conditions, such as civilian employment and family matters that must be balanced.

Greater flexibility for the Reserve components is paramount to ensure maximum participation and successful mission accomplishment, while maintaining a viable connection with America's society. The Reserve components have repeatedly provided trained units and

individuals for active duty in time of war, national emergency, and at other times, as national security requires. The Board believes they must be organized, manned, equipped, and trained to be mission-ready.. Reserve component commanders need a wide range of parameters to make the most effective use of their resources, particularly volunteers.

The Board believes the Reserve components must be brought early into the planning process and viewed as a trusted partner. Reserve component leaders must have visibility and access at the highest level of decision making fora. They must have seats at the table whenever matters of budget and resourcing, force structure, and operations, equipment and maintenance resourcing are discussed and determined. Fiscal accountability for Reserve component funding and execution should be assigned to the Reserve chiefs.

The increased requirement for senior National Guard and Reserve officers to be placed on active duty has become more urgent. The Board is pleased to see HR 1646 decoupling the AC/RC list of RC general and flag officers and exempting these senior officers from accountability against active duty restrictions. For almost a decade, the Board has recommended that legislation be enacted to exclude positions filled by National Guard or Reserve general/flag officers on active duty from the Active component grade ceiling accountability.

The issue of peacetime command and control must be clarified and institutionalized. The FY94 Authorization Act recognized the need for the RC to command their own forces. HR 1646 will codify command arrangements that currently exist in practice. The Air Force Reserve is an excellent example of a Reserve component, under the command of a Reservist, reporting directly to the Service Chief. The Air Force Reserve is not a separate command, but rather operates like one, through a special relationship arrangement, rather than formal establishment in law. The Air

Force Reserve's high state of readiness has been attributed to this informal separate command relationship..

As the Department of Defense becomes more reliant upon the contributions of the Reserve components, the issue of accessibility takes on increasing importance. The Board continues to participate in the Senior Level Working Group on Accessibility of Reserve Component Forces. In 1994, the Working Group identified issues and proposed solutions for a full range of accessibility issues, legislative and regulatory changes, mobilization policy guidance, use of volunteers, and methods to meet domestic mission needs more effectively. Changes have been slow in coming. Access to the Reserve component must be facilitated. The Board supports expanding, rather than limiting, the President's authority to call up Reserve component forces as necessary for national security and domestic emergencies. The President should have full authority to use the Reserve forces as required in support of contingency operations; however, the Board recognizes the potential for certain kinds of support units to be called in any large scale mobilization. The Board believes the Services have the responsibility to take proper and effective measures to ensure that too frequent use does not erode the essential "citizen-soldier" nature of the our Reserve forces. Additionally, I recommend, in order to preserve the President's constitutional appointment authority, that in section 202 of the bill, the second sentence in subsections 3038(c)(1), 5143(c)(1), and 8038(c)(1) be deleted (restricting the President's authority to reappoint incumbent Chiefs to additional four-year terms, except in time of war or during a national emergency.)

My predecessors, in past years, have repeatedly testified before Congress on the issues of equipment and facilities shortfalls. The Board is aware that defense budgets are limited and becoming more so. Great strides have been made over the past 25 years, but compatibility

shortfalls and essential support equipment shortages still exist. The Assistant Secretary of Defense for Reserve Affairs acknowledges that "persistent shortages of combat essential support equipment -- in both the Active and Reserve components -- reduce the ability to meet mobilization requirements and sustain combat operations." The recently released National Guard and Reserve Equipment Report for FY96 states " The Reserve Components are not equipped to meet the national defense strategy, particularly in combat support/combat service support equipment." The Board is also aware that modernization can temporarily limit mobilization readiness. The Reserve components must be adequately funded to continue to modernize at the same rate of the Active component. The enhanced role of the Reserve chiefs, as envisioned in HR 1646, is fundamental in achieving equipment readiness.

The Board urges this committee to recognize the importance of RC sustainment and employer incentives. Employer-Reserve employee relations have a direct bearing on recruiting, retention, and accessibility issues. We must do what we can to offer systemic incentives, and to remove disincentives to service in the Reserve components.. The Board proposed several recommendations following review of lessons learned from Operation Desert Shield/Storm, including: that legislation be enacted to provide tax incentives for employers of Reservists and Reservists who are self-employed, mobilization insurance for Reservists who lose income as a result of being placed on active duty, and provision for a dental plan for Reservists and their dependents. The Board is pleased to see that HR 1646 addresses these issues, as well as employer support and incentive programs, government-sponsored dental insurance program for Reservists and their families, and 100% income tax deduction for unreimbursed expenses in conjunction with the performance of training duty. The restoration of tax deductibility for

military nonreimbursable expenses will relieve the Reservist from subsidizing their own training. Disparities in benefits between AC and RC members must be eliminated.

I want to close with a word on the spirit and morale of the Reservists I met in Bosnia. As you know, nearly 4,000 members of the Reserve component have been recalled to support the peacekeeping mission there. Despite the short notice over the December holiday season, the Reserve and Guard came to the Colors. The Active, Guard, and Reserve came together and made the impossible look routine. Some were called, some volunteered; all came highly motivated and fully prepared to accomplish their mission. Yes, many of our deployed Reservists serve as volunteers. The DoD reported that on any given day as many as 7,500 Reserve volunteers are on active duty worldwide. There is no hesitancy among Reservists to volunteer when the mission is deemed to be in the best interests of the country. Reservists have been used extensively in peacekeeping operations Bosnia, Turkey, Iraq, Kuwait, Somalia, Rwanda, and Haiti. I agree, wholeheartedly, with Secretary Perry's statement that the spirit of volunteerism must be nurtured and made even more viable. I would add, let's provide all members of the Total Force with fair and equitable benefits and protections for their sacrifices.

Our Total Force needs the continued support of the Congress. HR 1646 is time-sensitive, as far as I'm concerned. We need to make the necessary reforms now; we need to remove barriers that handicap the management of the Reserve components. We must ensure the availability of Reserve component forces when needed, while also ensuring that the demands placed on members of the Reserve components are realistic.

Mr. BUYER. Thank you, Mr. O'Connell.

Greg, since it is just the two of us, we will be informal here. I have a series of questions, and if I have something, you can jump in.

Mr. LAUGHLIN. All right.

Mr. BUYER. General Philbin, I guess this is kind of a carryover from the other two panels and discussions about the higher rank and it is unfortunate that some have left the room. On page 2 of your statement, "The National Guard Bureau must remain one grade higher than that of the other component chiefs." Why?

General PHILBIN. For all the reasons that were espoused in the prior panels and for the reasons that Chairman O'Connell gave. There is a mystique involved here and it directly affects accessibility of the Chiefs of the Reserve components and the Guard components to sit down at the decisionmaking tables. If you are trying to get into a four-star hearing and you are a three-star, it is just not going to happen. All of the services have things like four-star meetings. In the Air Force, they are called Coronan. In the Army, they are called something else. They have three-star meetings. If you do not make the cut, you are not involved in the fraternity.

Mr. BUYER. That is fine. I bought into that in the last Congress. But then if you increase the Reserve components to also three-star, what is this that the Guard Bureau has to be one rank above the other Reserve components?

General PHILBIN. The Chief of the Bureau has two components, one Army and one Air. He has half a million troops for which he is responsible and he also has about 50 percent of all of the National Guard and Reserve troops.

Mr. BUYER. Did you have something?

Mr. LAUGHLIN. General Philbin, I had underlined the very same words. Because you do not know me other than the one meeting we had some weeks ago, I have never been in an Army Reserve troop unit ever. Even though I have been in all these years, I was always in an IMA slot after active duty, so I do not bring any loyalty.

But I have to tell you, as I listen to you and others, it almost sounds, and I apologize for use of the word, it sounds cosmetic. I heard one of the other generals, I believe it was General Baca, talk about the Army National Guard had—correct me—about 400,000 and the Air Guard had about 100,000, yet they are both at the same rank.

So for someone like me sitting here with no loyalty to either the Guard or the Reserve other than I see them as citizen-soldiers/airmen/marines—I want to cover the whole world—loyal and dedicated. I have a problem, and I was going to go into it in my series of questions: if there is so much good here, but we have some tweaking that needs to be done and the "must" is put in, and that is a powerful word to a wordsmith that has lived over the years practicing law, which is based on words, I have trouble with that.

What we are trying to do, the thrust of this bill is not to insult any branch or any service or any group but merely to try to get a higher voice for a major portion of people, whatever uniform you put on them, whether they are Guard or Reserve.

As a people's representative, I have to tell you, I have a problem when I have the words "must promote" put on me, and I would say that with all due respect to you and General Montgomery, the many people I represent and a former TAG of the Texas Guard as my constituent, I just want you to know that we know you are not here with a threat, but it gets interpreted that way and it bothers me.

General PHILBIN. No, sir. There is no threat involved here. You can use the word "should," if you want. All we are saying is that when you have these protocols which exist within the Pentagon, and I was there, as you well know, that you have to take them into consideration when you determine what is this person's responsibility and where must he exercise it. I am saying to you that the Chief of the National Guard Bureau is at a higher level of responsibility and has to sit in different forums than the other Chiefs of the components. Therefore, he should be one rank higher. That is precisely why he is now a lieutenant general and the others are now two-stars.

Mr. LAUGHLIN. Let us set the Guard off for a second because what we are trying to do is get the Chiefs in the decision. As you well made the point, four-stars have their meetings, and three-stars, and at some point, half the military force does not have a spokesman. As I understand today, over half the military force of our great nation is in the Reserve component, and right now, they do not have a spokesman at the three-star or four-star meetings, and that is what we are trying to address.

General PHILBIN. That is true.

Mr. LAUGHLIN. Now, going to the Guard, if we are going to use your analogy, then we promote the—I get these titles wrong—the Chief, National Guard, is General Baca?

General PHILBIN. Yes.

Mr. LAUGHLIN. We promote him to four-star. Then, using that analogy, we have to promote the Army National Guard guy to three and we really ought to reduce the Air guy to one-star because he has 100,000 whereas the Army Guard has 400,000. So I—

General PHILBIN. The Air Force Reserve has now about 75,000, which is less than the Air National Guard, and they are proposed to go up to a three-star, are they not?

Mr. LAUGHLIN. Yes.

General PHILBIN. The Director of the Air National Guard is comparable to the Air Force Reserve, so if you are going to maintain the comparability and the access to the various forums that are involved here, you would have to raise all of them to three.

Mr. LAUGHLIN. I think the discussion and dialog is very healthy. I just want to make the point that, and Mr. Chairman, if you will let me go on 1 more minute and then I will not come back, and I hope I heard you wrong, General Philbin, but I just want to clear it.

As I heard you, and we would now address the "must" part that was my concern about the promotion; if the four-star or the elevation one grade above is not included in this bill, and as you heard in earlier panels, I do not think this bill is locked in concrete, and if the accessibility under 301, then the National Guard Association that you are here representing would not support the bill?

General PHILBIN. These are not connected. What our position is, is that we take no position on the increase of the Reserve components to three stars. Whether that happens or not does not affect us except in the sense that if it does occur, we believe that you have to raise the Chief of the National Guard Bureau to four stars.

Mr. LAUGHLIN. And I truly appreciate your expressing your concerns.

General PHILBIN. That has nothing to do with the rest of the bill.

Mr. LAUGHLIN. Let me tell you, you heard what I said to the very first panel about this 48-hour notice and the restriction. This was a big community. You were involved in some discussion, as were General Baca and many others from the Guard and we tried to encompass so much. In the final judgment, this committee of which I am not a member, will make these decisions. So I wanted to be sure I did not hear you wrong, and I am glad I heard you wrong.

General Wahleithner?

General WAHLEITHNER. Perhaps we could sort this out by the legal authority of the individuals involved. The Chief of Air Force Reserve, the commander of Air Force Reserve has court martial authority, for example. In the Guard, Ed, where does the court martial authority lie?

General PHILBIN. It lies within the State.

General WAHLEITHNER. Within the State, which would indicate that perhaps the Chief of the Guard was more a staff officer than a commander. All I am saying is to look at it from the legal implications, the amount of authority invested in the individual legally.

The commander of the Air Force Reserve is, in fact, the commander of the Air Force Reserve. He has court martial authority. He has a direct reporting link from the lowest airman in the Air Force Reserve to himself; and within the Army Reserve, I am certain that it is the same situation, where you have a direct command link. But in the National Guard, the command stops at the Governor. The Governor really has command.

So all I am offering is an opportunity for the two of you to perhaps clarify this in your mind as to where responsibility lies. In my estimation, one is more a staff function than a command function.

General PHILBIN. Except for the fact that the Chief of the National Guard Bureau is directly responsible for all of the Federal resources which are devoted to the Army and the Air National Guard throughout the United States in every State, directly responsible for it. So we are back then to some mythical concepts, like command versus responsibility, which I do not think will solve the problem.

General WAHLEITHNER. But I think the legal authority to act might imply responsibility, and with that then would go the authority.

Mr. O'CONNELL. I would go back to the concern that I have, that these decisions be made on a basis of common sense and functionality. The chiefs of services are not commanders of their services. They have responsibility in title X for recruiting and training and equipping everyone within their purview.

Of necessity, you need more infantrymen, more people in the Army than you do in the Air Force. You have more infantrymen than you have airplanes and people to go with them. So I am not

sure that it necessarily makes sense to base rank on the basis of the number of people you have in the command.

It is the accessibility, it is the functionality, it is performing the role that is necessary to perform in order to make sure that you have a seamless total force, and I think that is the basis that the decision has to be made. Whatever the rationale is, you are the Congress of the United States of America. You can make whatever rationale you want and that is the way it works.

Mr. BUYER. I am going to reclaim my time here.

Mr. LAUGHLIN. Let me just make one last statement. General Philbin, I do not in any way with my questions intend to diminish the importance of the role or the commitment of the National Guard. I think the dialog is healthy and I want to talk about accessibility when it gets to be my turn again.

General PHILBIN. I did not take it that way.

Mr. LAUGHLIN. Good.

Mr. BUYER. I think this has been pretty healthy today.

When I look at this factsheet that has been put together, all these comparisons of the officer strengths between 1945 and 1995, it is just an awesome factsheet here. And I think about we move to other committees and we deal with other issues throughout the country, economic issues. We look out there across our Nation with a lot of the corporate restructuring that is going on in our society, from General Motors, who got too top heavy and levels of management, IBM, they had to go in and start slashing out layers of middle management and stuff like that.

The Pentagon is right there, guys. The Pentagon is right there with regard to restructure. I have given a lot of speeches out there that the last two institutions, I believe, in our society for which we will restructure will be the Pentagon and our Nation's universities and land-based colleges. It is true.

I am looking forward to the papers that are going to be coming over to us, but when you compare this kind of stuff, it is mind-boggling to me.

And the other thing, when I made the comment before the last panel about, gee, what are we going to do here? Do you raise the others to the three-star level? If General Baca says, yes, this is great. It opens up the doors to me, and just your arguments, sir, yet if it is good for the Guard, why would it not be good for the other components? I have to ask that. Why would it not be good for the other components?

General PHILBIN. If you make them all four-stars, they get into the four-star meetings, if that is what you want them to do.

Mr. BUYER. I am not here to quibble. Let me ask, General Plewes, if we make the other Reserve components three-stars, is it really going to be that beneficial to you and get you access that you need or not?

General PLEWES. We believe that there are certain decisions made at certain levels in the Pentagon at which you have to be a three-star to play. I think that General Baratz will tell you, however, that through sheer work, you can get into those forums and you can make those kinds of representations at the appropriate level, but it is harder.

I think that for us, however, it is not the inside-the-Pentagon issue at all. It is what General Philbin calls this mythical command issue. It is command. What authority do you have over soldiers, and what we have here is a commander—General Baratz is wearing his USARC hat, of nearly 250,000 soldiers. I know who my commander is, and I have a unit in Virginia. He is located down in Atlanta. He should be a three-star on that basis. I cannot speak to the inside-the-Pentagon, sir.

Mr. BUYER. Go ahead.

General WAHLEITHNER. I would ask in your study that perhaps you should look at the number of authorized positions rather than the number of persons actually holding the rank, because, you know, there are laws that you are required to meet to be promoted to these high grades. If you looked at the age structure of the individuals coming out of World War II, you would find that they moved up very quickly through the age and grade. They moved up very quickly through the ranks. But if you looked at the actual authorized positions, it might tell you an entirely different story. I say it might.

I would like to cite, though, on this three-star issue a personal experience of mine. When I was commander of 4th Air Force, I wore two stars. My wartime position was the Air Mobility Command, or at that time the Military Airlift Command, now the Air Mobility Command. When I went to commanders conferences with their numbered Air Force commanders, we all sat at the same table and we were placed by date of rank. You could not tell who was Reserve and who was Guard and active except we knew.

About 4 years ago, the Air Mobility Command made their numbered Air Force commanders three-stars, so today when the reservists and Guardsmen go to the meetings with the Air Mobility Command, they sit at the far end of the table because of their military grade. Maybe they sit against the wall and they do not even get up to the table.

As I said, at the time that I was 4th Air Force commander, I was very proud of the fact that my grade was equal, and in most cases, I had more people reporting to me than did the active duty numbered Air Force commanders. I had 26,000 people. Most of their commands were much smaller than that.

Mr. BUYER. What you are talking about leads into my next question. Should the Chief of the Army Reserve report directly to the Chief of Staff of the Army?

General WAHLEITHNER. I will let the Army answer that one.

Mr. BUYER. He brought up this kind of command function things.

General PLEWES. I have clearly, I think, hopefully answered that question in my testimony.

Mr. BUYER. An absolute yes?

General WAHLEITHNER. On the Air Force side——

Mr. BUYER. What was it? I do not recall.

General WAHLEITHNER. I am an Air Force——

Mr. BUYER. What was it?

General PLEWES. What was the answer?

Mr. BUYER. Yes.

General PLEWES. No, should not.

Mr. BUYER. They should not be reporting directly——

General PLEWES. We favor the system the way it is right now. Mr. BUYER. But in your bill, Greg, it is?

Mr. LAUGHLIN. That is right, and I have a question for General Plewes.

Mr. BUYER. Then I will let you do that. Here is one thing that is going through my mind, these whole things about command. When I made the comment of, if you are going to increase them to three-stars, where are you going to get them from? DOD says, fine, we do not have any objection if you are going to do it. Just do not take it from active duty.

Then I look at this factsheet about all the rank heavy and say, wait a minute. If there is such a need to increase them, then let us come up with something about taking them from the active side. That is going to create a little controversy to do that.

When I made the comment of if, in fact—I am not involved in this over there, but I get the sense that there is this turf war or this turf battle that occurs between the Reserve components and the Guard and somehow that if the Guard is a three-star, that somehow they now have leverage on the other Reserve components and they also want at the same table, they want the same prestige, they want the same opportunities.

This whole thing about, well, he has to be a three-star because he commands two other two-stars. Does that mean that we have to make the Chairman of the Joint Chiefs of Staff a five-star? I do not think so. I do not think so.

That is why I made the comment of, maybe we should take a step back from this and look at it from a different perspective. If creating a three-star is what has created the problem, that is why I threw out on the table taking the three-star back to the two-star and then create some form of streamlined position that says to the DOD that you have to open up the Reserve components and you bring them at the table. This whole thing that you cannot get access to the table unless you are a particular level of rank, we could just ask to make sure that you are at the table. I do not believe in micromanagement, but if that is what the real problem is, then that is what you get to. It is not necessarily the rank that is on your shoulders.

I take it, General Philbin, you do not agree with anything I am saying?

General PHILBIN. Sir, I do not have to tell you, I was there for 3 years as Deputy Assistant Secretary of Defense for Reserve Affairs. I was an appointee of President Reagan, confirmed by the Senate, had all the authority in public law behind me, complete support from the members of this committee at that time, and it was almost impossible to move, for example, the Chief of Army Reserve into any of the decisionmaking forums and it was very difficult for me to get into them, despite the fact that I was a member of the Reagan administration.

Mr. BUYER. I do not know the answer to this. Is there something that we are not thinking of that would be able to gain Reserve component access into the table irrespective of your rank? Mandates? I hate doing mandates. What do you think? You have lived it.

General PHILBIN. We are dealing here to a great degree with human nature as colored by the military culture, and it is very dif-

ferent than what we are used to in private organizations or the Congress. Every person in the Pentagon in a uniform wears his authority on his shoulder and his career on his chest and everybody else reads it instantly as you walk down a hallway. They put you in a mental hierarchy based on what you are wearing. That is the culture. It has been since Caesar and it continues.

I am not holding a brief as a representative of the Guard here for or against this raise to three-star, but the arguments that I have heard in favor of it from my personal experience in the Pentagon are valid.

We gain nothing by your doing this for the Reserve forces. All I am saying is that if you do do this for good and sufficient reasons, then because of that hierarchial military culture, the Chief of the National Guard Bureau should be a four-star.

Mr. O'CONNELL. To go back to your World War II analogy, the United States has always had relatively low ranking senior military officers. In World War II, we found the problem in dealing with our multinational force of those days that European countries had marshals, which were graded out at five-star rank. So we were forced to raise our officers to five-star rank in order to be able to deal with Viscount Marshal Montgomery and other people of that nature.

So General Philbin is right. There is a military culture. Congress can do anything they want, because you make the laws, then you make the rules, but sometimes it is hard to say in this meeting, in this function, in that JROC meeting, you have to take Major General Davidson and treat him as if he were a Vice Chief of Staff.

Mr. BUYER. General Wahleithner, you wanted to say something?

General WAHLEITHNER. Yes. On the Air Force Reserve side, I was in the Air Force Reserve before we had our first Chief. Public Law 90-168 gave us the first Chief of Air Force Reserve, Maj. Gen. Tom Marchbanks. From that point on, our chain of command was directly to our Chief, directly to the Chief of Staff of the Air Force. Tom Marchbanks and every chief following him has worked for the Chief of Staff of the Air Force. I would sure not want to see us change that system.

What General McIntosh told you this morning is we need codified in the law some of these things that are in practice today so that when a new Chief of Staff comes in, they do not change the whole thing and say, look, the Army guy reports to the Vice Chief and so far as I am concerned, you can report to the Vice Chief.

Right there is a signal that your reservists are not all that important, and it has to do with the sense of pride and the sense of being a part of the team that you have down in those lowest graded reservists. I will tell you, if we do not take care of those people—they are all volunteers—they are not going to come back and offer to offer up their lives in defense of this Nation unless they feel good about what they are doing.

Mr. BUYER. Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

General Philbin, I think you make the hard core case for making the Reserve component chiefs three-star. Whether you intended to or not, I think you do. With your experience, with your Senate con-

firmation and your military background, and you could not get them in the room.

General Plewes, I have to tell you I am a little surprised, and I do not mean to be ugly, but a little disappointed in your testimony about the separate command, and I have to tell you why. I am going to ask you to account for it, when, in view of much discussion by the lower grades that they are not represented at the policy table, by the last full sentence on the bottom of page 2 of your testimony, that the "Army Reserve resourcing has always been a history of difficult competition for a shortfall in overall resources."

I just have to tell you, I am surprised and a little disappointed because there is that feeling. As General Griffith said this morning, there is the perception out there. The perception is reality when you are dealing with human nature.

I would just say in support of what General Philbin said, to make this point using a sports analogy, no one in the Pentagon could imagine the head coach of the Dallas Cowboys getting ready for the Super Bowl game, putting out the game plan and excluding the defensive coaches from the overall strategy meeting. Or if he was meeting with the defensive coaches, to exclude the linebacker coaches. It would be unthinkable.

Yet, here we are in the last few years of the 20th century with a magnificent military force being changed because the world situation has changed, with over half our military force comprised of a group of people, and I am going to call them people without ranks or designation, who have a substantial feeling they are not represented at the policy table. We had a revolution in this country one time because people felt they were not represented.

In my own State, we had a revolution against the country that owned us and controlled us because they were passing laws in Mexico City that we had no input on. I do not suggest that the reservists, the component made up of the Reserves and Guard are going to revolt. I do not suggest that, but there is that feeling that policy decisions are being made and their voice is not at the table. I think that has great implication.

What I would like for you to give me an accounting on, General Plewes, is when you look at the Marine Corps, the Navy, and the Air Force readiness levels, with their Chief of their Reserves reporting directly to the Chief of Staff and we do not in the Army, yet when in the Marines, Navy, and Air Force, those Reserve component people are mobilized, they come under the operational command, as they should, of the mission commander, why is it that we have this resistance in the Army? How do you account for that?

General PLEWES. I appreciate your question, and you are wondering why I would have this view. Let me just say that in response to Congressman Buyer earlier where he talked about the Pentagon not having reinvented itself, the fact of the matter is that the Army Reserve has reinvented itself. I say that in the context that SARCA, my organization, up until last year had one of its resolutions that the Army Reserve should be a separate in ACOM. Meeting last year, we essentially adopted the position I carry forward with you today. Let me try to explain why.

The independent commission looked at these issues and said that there ought to be a new way of doing business in the Army Reserve. It just was not working. That is the start point where we have been. That was 5 years ago. We have reinvented the Army Reserve. We are now a separate command, a command in being, a command that has proven itself capable of making tough decisions. In fact, we have carried down a number of two-star headquarters in the Army Reserve. We know kind of how to do that, how to reinvent each other.

But the fact of the matter is that we are part and parcel of FORCECOM and FORCECOM is in the title X world. Unlike the Air Force, we do not have to transfer into an Air Combat Command so that we can come under ACOM. We are directly subordinate now in a command line to the force provider, ACOM, because of our special relationship with FORCECOM. So we are kind of fitting where probably the title X world would have us go.

Now, there is the problem that I recognize you carry forward and that is, if you are not reporting directly to the Chief, where do you sit at the resource table? That is clearly a problem, but I am trying to separate those two issues here in saying that for command and control purposes, we believe it is appropriate now where we are.

Mr. LAUGHLIN. And is it not true in the FORCECOM command that there are active component units?

General PLEWES. Absolutely, and we take our place right alongside those active component units.

Mr. LAUGHLIN. What number is that, just a rough number, active components and—

General PLEWES. I do not know. How many FORCECOM commands now?

Mr. LAUGHLIN. How many Reserve component people in FORCECOM?

General PLEWES. In FORCECOM, about 230,000.

Mr. LAUGHLIN. How does that shape up percentwise, some rough estimate?

General PLEWES. I do not know.

Mr. LAUGHLIN. Since it is true that both are in FORCECOM, how do you account for the Reserve component getting adequate representation when resourcing is being discussed when we hear General Montgomery talk about the 5 percent resources going to the Reserve component in the Army when over 50 percent of the personnel are in the Reserve component?

It was taxation without representation that caused the revolution in this country two centuries ago. Service without representation seems to be creeping through the mindset of people out there. Do you see where I am coming from?

General PLEWES. If that would fix that, I would say let us go with it and forget the other benefits that we get from our current involvement as part of the title X world. I am not sure that having a table next to the Chief of Staff fixes that, sir.

Mr. LAUGHLIN. The linebackers out there in Muleshoe, TX, and Dripping Spring and Dinebox, and I represent the last two, not Muleshoe, would feel a lot better knowing they had their linebacker coach in the meeting.

General Philbin, when we go to the accessing, I think you were present when you heard my comments this morning. I am troubled by the 48 hours, and I see truthfully it is a big problem when you are trying to get the Guard out there to take care of flooding or a hurricane, or fortunately on the gulf coast, we get enough rain most of the time we do not have the big fires, but in a natural disaster, you cannot wait 48 hours, can you?

General PHILBIN. No, sir.

Mr. LAUGHLIN. So it is even more valid when it comes to the Guard in natural disaster response, then, in the overall Reserve component response to something other than natural disaster and accessing the Reserve component units once in more than 2 years, I follow that.

Do you not think, though, that with adequate work among the committee and the people involved, we can come up with language that will satisfy people in those areas?

General PHILBIN. Being an attorney, sir, I always believe you can find the proper language to do anything. That is probably not true.

But I would say that if you were going to rework the reporting requirements, as I think you should, you have to also keep in mind constantly that if there is any negative impact upon immediate accessibility of the Reserve or the Guard, it is going to be viewed in the Pentagon as these forces not being available.

As was said today, I think Ms. Lee said, and she said it accurately, there was a mindset when I was in the Pentagon that the President would never call up the Guard and Reserve. It was politically not feasible. But we have many instances since I left the Pentagon that it is feasible and the President will do what the President thinks he has to do.

But any kind of impediment to calling these forces instantly when the active duty people think they need them is going to be used as a reason not to rely on them, not to resource them, not to equip them, and not to train them. So you must look at the language from that viewpoint.

Mr. LAUGHLIN. When it comes to natural disaster, I would just throw out a word of caution for everybody involved in the discussion. Again, coming from an arena with no personal experience in these turf battles I always hear about, I think many Americans are resentful when they start seeing the quibbling over which department is going to have what jurisdiction, and they often are asking—and rightly they are asking us more these days than they did a few years ago, when are you going to look out for us, the citizen?

Rightfully, when we talk about natural disasters, we should look to the Guard. It has been a historic, traditional role that the Guard has performed time and time again. Unfortunately, every year it has been needed by requirement.

But I think we need to be sure that we do not lose sight of who the end product is or the consumer is, and that is some citizen out here with their house threatened by flooding, the house threatened by a hurricane, or the house threatened by a fire, and not worry if it is the Air Force or the Marines getting there first.

I just throw that out to everybody involved in this discussion. I think we can end up not improving but, in fact, retreating from

where our objective ought to be, and none of us in uniform ever like the word "retreat", but I have a concern that that could happen.

Having made those comments, I do not need a response. I just wanted to throw it out. Mr. Chairman, that is all I have.

Mr. BUYER. I think your last comments were what was on my mind. Earlier when I threw out the phrase "turf battle," I have gone through—actually, this committee made itself be heard clearly on the issue of Sentinel and I put my foot down pretty hard on that and said, no more. We, I think, struck a pretty good balance in that last bill. I recognize exactly what Greg just said. If you have an incident whereby you have an Army Reserve unit just across the street from a disaster and it has the engineering equipment but the Guard is saying, no, no, you cannot access it, that is hard to rationalize.

General PHILBIN. Sir, that has never happened. The Guard has never said that. The question is today, as it has been in the past for the Guard, the unity of command, command and control. If you have two military organizations responding to the same event under different command and controls that do not coordinate, that is a formula for disaster in and of itself.

The question today is, is there a sufficient statutory authority to access Reserve equipment, such as you have mentioned, when it is needed? The answer Ms. Lee had and the answer I have and the adjutants general have is there is sufficient authority today to do it.

Mr. BUYER. If we do not accept your proposal, is your fallback position to strike 301?

General PHILBIN. Yes. Our viewpoint would be to strike 301 and we would continue to pursue the interstate compact solution for the problem, such as it is. The most recent event was in Oregon, where there was tremendous flooding. General Rees put a letter which he had addressed to me into the Congressional Record through Congressman Bunn, I think it was, of Oregon, in which he said that he needed immediate response from the National Guard, which was dispersed throughout the State with its equipment. And he said he could not wait because of the catastrophic nature of what was going on for outside forces to come in. I am not aware that there were any Reserve forces available within the State that he needed, but he used everything he had and with cooperation from California and other States, he was able to handle that problem with no difficulty.

Mr. BUYER. I am sitting here rather uncomfortable with the thought that—I have two words underlined here, "adamantly opposed." I guess I am kind of Greg down there. I am being a lawyer and there are words that just blurt right out. Those are powerful words, "adamantly opposed," which means you staked out hallowed ground for some reason. I am not so sure it is the right ground for the Guard to stake out.

General PHILBIN. The adjutants general—

Mr. BUYER. Just a second. Let me just conclude and I will turn it over to you. The reason I say that is in the face of natural disasters, do you think people care about turf wars? I do not think so.

General PHILBIN. This is not a turf war, Congressman. This is a question of an efficient operation in response to an emergency in

a State, which the National Guard has been handling for 360 years.

Mr. BUYER. But you oppose——

General PHILBIN. When we needed help, we have sought help and we have received it.

Mr. BUYER. But general, you would oppose the Army Reserves being involved in the assistance with natural disasters, correct?

General PHILBIN. No. We say there is sufficient authority to get those resources now and that Mr. Laughlin's bill does not address the most important part of it, which is the process. How do we get those resources and how are they controlled within a State disaster situation? Our version does, in fact, address that.

Mr. BUYER. Maybe we can work on the process.

General PHILBIN. Mr. Grasso, who works for Mr. Laughlin, in our meeting asked me if I would try and write our version of Mr. Laughlin's bill. I told him at the time I did not think it was possible. But we went back to the adjutant generals and we formed a special task force. They sat down, working with our people and their people, and we came up with what we think is a workable, acceptable version of what Mr. Laughlin wants to do in his bill. We have never refused help when it was needed to take care of our citizens, ever.

Mr. LAUGHLIN. General, let me interrupt and make this part of the record. This all came about as a result of the experience in Florida. Everybody tells me the law was OK but it did not work. Now why it did not work, I was not there to tell you.

General PHILBIN. Sir, I can tell you that.

Mr. LAUGHLIN. Let me finish. But I was on the committee when everybody came in and complained that there was no law in place, and now, 3 years later, we are told it is in place. I do not care what uniform they show up in. I made the point, and I think you agree with me. If the process needs to be fixed, let us fix it. If we need better command and control policies or procedures, let us fix it.

But the American citizen out there watching his home float away or burn away or hurricane away, they do not care whether it is the Air Force, the Marines, the National Guard, the Army Reserves, or anybody else. They are going to reach out and take help wherever they can find it.

My concern is, as I have listened to all this, is how much time do we have to wait? In the Florida example we were given, it was several days, and that is unacceptable to American citizens. What I would ask you to do and all others involved in this is let us keep the American citizen out here who has their home or their business threatened, keep them foremost in mind and let us come up with some procedures.

I hear you, as I hear the Army Reserve saying there is no turf war. If there is not, then it ought not to be very complicated to come up with how much time does it take. These Governors are responsive to the people they represent and I do not have any problem with the Governor blowing the whistle, saying, "I need my Guard here," and that is how it works, as I understand it. If he does not have what he needs, he ought to be able through some procedure to get what he needs. Forget the Army Reserve. Let him

get it from the Marines or the Air Force. That is all I am trying to make.

General WAHLEITHNER. I have a couple of comments on this because I was personally involved as 4th Air Force commander in working with 6th Army in this kind of mission.

First of all, title X does not permit the mobilization of Reserve units for national disasters. That is in title X in black and white. I do not know where we are getting this from, that the President can involuntarily mobilize Reserve units.

Now, I will admit that many of our Reserve units have served on a voluntary basis in national disaster; and as a commander, you can always make the decision to save a life even if it violates law or whatever. You have to make that decision at the immediate moment.

But let us talk first about the earthquake in San Francisco several years ago. I was 4th Air Force commander, and this was probably 1988 or 1989, October, October 3, I think.

Mr. LAUGHLIN. It was the start of the World Series game.

General WAHLEITHNER. Yes; but anyway, immediately, I brought to McClellan Air Force Base three H-3 helicopters and 15 pararescue men who were the very highest qualified pararescue, all combat-experienced people, very, very good medics, very tough people.

Before I could launch that helicopter, I had to have permission from the 6th Army commander because that was his responsibility. FEMA was in there, and he worked with FEMA. The Governor, through his operational resources, had to come over to FEMA and 6th Army to ask for support, but the reason they never asked for my helicopters was because it cost them \$2,800 an hour for every hour we flew. They could not afford that.

So they used less capable H-1 helicopters that they brought in from all over the State, Guard helicopters, to do the rescue on those freeways and things; and they never used my helicopters one time, and I had them standing by. I paid their salaries through Reserve funds. I had them standing by to do this. Now, had the helicopters been launched, the State would have been billed for it.

The same thing in the firefighting mission, C-130 firefighting mission. The Guard has half of the firefighting mission; the Reserves have half of the firefighting mission. But about 60 percent of the lands in California are Federal lands and the other 40 percent—I am talking about public lands now—are State lands. The State has an equal amount of fires, but they will never use an Air Force Reserve airplane to fight a fire because they cannot afford it. They have got to go through this process of going through FEMA and that whole thing.

Our airplanes stand side-by-side oftentimes on the ramp at March Air Force Base. The Guard airplanes will be launched on both State and Federal fires, Federal land fires, but the Reserve airplanes will only be launched on the Federal lands because the Governor will not pay the bill. We are talking about \$4,000 an hour to fly a C-130. That is a big bill when the missions take 3 or 4 hours each.

Mr. BUYER. Greg, do you have anything else?

Mr. LAUGHLIN. No. I just would like to conclude, Mr. Chairman, by saying that this is important to the American people. We want solutions. If it is fixed, let us clarify that it is fixed.

General WAHLEITHNER. This bill would fix that.

Mr. LAUGHLIN. General Philbin, the last thing I want to do is take anything away from the Guard. That is not my intent. It is not the intent of this bill, at least from all the discussions I have been in. But I do think if it is fixed, there are a lot of people who do not know it is fixed, that the Governor through the President can access resources that are not readily available. If it is fixed, we need to clarify it, and that is my intent and the intent of the people I am working with, and you are one of the people I am working with.

My last comment is, let us just keep working until we get it clarified, and I really appreciate you all being here and having to wait all day to get your comments to us.

Mr. BUYER. Thank you, Mr. Laughlin.

Gentlemen, Greg and I, here is a Reserve colonel, a Reserve major. We do not have the military intelligence that you gentlemen have with regard to general staff level. I recognize that. It has taken me 3 years of good study to try to learn about jointness of operations and to advance that intelligence.

Probably the good thing, though, about sitting right here at the moment is that we view and examine governmental systems, whether it be from the Pentagon to the Department of Commerce, Department of Energy, Department of Education; and it is amazing what we get to see throughout the whole thing. At the same time, we get to listen to those in the private industry that I also mentioned. I understand the military is a different culture.

Greg summed it up very well. We represent the American people and that is who we have to be responsive to. We also want to make sure that the force works. So when I make a comment with regard to if you bring the Guard back to two stars, that in no way should be taken as any affront to the Guard. Or if, in fact, you say, well, if we increase it to three stars so we can make all the other Reserve components to gain access, to reap and enjoy the same benefits that the present Guard commander does, does that mean we are going to increase him to a four-star? All those things have to be worked out and we will be cognizant and sensitive to the culture.

I have in front of me a statement by M. Sgt. Michael Cline, the executive director of the Enlisted Association of the National Guard of the United States, who did not testify, and his statement will be submitted for the record.

Mr. BUYER. This hearing is now concluded.

Thank you gentlemen for your testimony.

[Whereupon, at 3:38 p.m., the subcommittee was adjourned.]

[The following prepared statement and documents were submitted for the record:]

**STATEMENT OF
MICHAEL P. CLINE
MASTER SERGEANT (RET)
EXECUTIVE DIRECTOR**

**BEFORE THE
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL**

March 21, 1996

*Enlisted Association of the
National Guard of the United States*



1219 Prince Street
Alexandria, VA 22314-2916
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Mr. Chairman and distinguished members of the Committee:

I would like to thank the Chairman and distinguished members of the Subcommittee on Military Personnel of the House National Security Committee on behalf of the Enlisted Association of the National Guard of the United States (EANGUS) for the privilege of submitting testimony on H.R. 1646 "Reserve Forces Revitalization Act of 1995."

EANGUS represents the views of 75,000 Enlisted members of the National Guard. I am proud to have the opportunity to submit these views regarding H.R. 1646. This bill, if passed in its current form, would result in many substantive changes in how the Reserve components of our Armed Forces are organized and administered. Therefore, I consider our Enlisted personnel to have much at stake regarding the final outcome of this bill.

INTRODUCTION

As expected, we agree with some of the provisions of this bill, disagree with others and have no official position on the remaining. It is my understanding that H.R. 1646 is intended to address structural inadequacies that have evolved since passage of the Reserve Forces Bill of Rights and Vitalization Act (P.L. 90-168) and is predicated on the present national defense paradigm which is to rely increasingly upon Reserve components' role in the Total Force in a post-Cold War era.

In as much as the world has been transformed since the end of the Cold War politically, geographically and militarily there still remains a need for the United States to maintain a strong defense posture in order to defend its ideals both at home and abroad. Economics, though, dictates that choices be made that are more stringently cost effective and militarily

wise. From this perspective, the Total Force concept evolved. The National Guard is an integral part of this concept as it is committed to cost-effective national defense and a strong, fully-integrated part of the Total Force. Yet streamlining the Uniformed Services to adequately meet our economic and national security needs is not mutually exclusive, one need not be sacrificed at the expense of the other. When one begins to do this, the integrity of "the whole" suffers. Recruitment and retention being paramount considerations in maintaining a professional, committed and cost-effective force. The National Guard has proven itself to be an extremely important hedge in meeting the goals of adequate national defense and cost effectiveness. The Enlisted Association of the National Guard of the United States is very concerned and maintains a vigilant stance when it comes to protecting the rights of Enlisted National Guard members as they pertain to benefits, personnel issues and employer support. All of these directly affect the National Guard's ability to recruit, train and retain quality professional personnel and facilitate optimum readiness for any contingency needs whether domestic or foreign.

It is with these vital interests in mind that we reviewed H.R. 1646 "The Reserve Forces Revitalization Act of 1995." It is my understanding that H.R. 1646 includes provisions that may find their way into the mark-up of the FY '97 Defense Authorization Bill. Therefore, what I proffer are recommendations on the bill on a provision by provision basis for your consideration.

SEC. 202. RESERVE COMPONENT CHIEFS

Although we take no position regarding this provision, we would like to express our concern regarding what *perception* is being conveyed with respect to increasing general officer ranks, particularly during a drawdown. We have some questions that we would like answered concerning the rank of the Director of the Army National Guard and the Director of the Air National Guard, as well as the Chief of the National Guard Bureau. We are cognizant of the

potential that an increase in ranks may certainly enhance the status of all Reserve components. The same concern should be noted regarding Sec. 203. Grade of Vice Chief of the National Guard Bureau.

SEC. 206. GUARD AND RESERVE TECHNICIANS

EANGUS supports the *intent* of this provision to ban the reduction in the total number of positions authorized for personnel classified as military (civilian) technicians of the Army National Guard, Air National Guard, Army Reserves, and Air Force Reserves unless the reduction is the direct result of a reduction in Reserve Component force structure. It is hoped that this provision will encompass the provision in the FY '96 Defense Authorization Act that sets Technician floor strengths and new management restrictions.

SEC. 301. AUTHORITY TO ACTIVATE READY RESERVE INTO ACTIVE SERVICE

It is our position that the section pertaining to "Presidential Authority" is superfluous and the section relating to "Prior Notice to Congress" is cumbersome and a potential liability to the call-up process and effective transition of troops into a combat arena.

Regarding the latter, the President already has the authority to use federal troops when deemed necessary as was most recently evidenced in Florida during hurricane Hugo. In addition, the requirement that the President give 48 hours notice and provide Congress with a written report reeks of unnecessarily impeding a Presidential call-up and the repeat of a mistake that occurred during the Vietnam mission that we should have learned from. Most crucial here is that if the National Guard is to be utilized effectively, the process must not be unwieldy, burdensome and *over* vigilant if it is to be successful.

Presently, Governors have full access to their state National Guard units that have adequate resources to handle emergency situations. However, it must be pointed out that the use of federal troops limit Governors' scope of authority to direct activities favorably in their state thereby hindering expeditious and constructive results between military and civilian personnel.

SEC. 302. REPORT TO CONGRESS CONCERNING TAX INCENTIVES FOR EMPLOYERS OF MEMBERS OF RESERVE COMPONENTS

The National Guard and Reserves make up a substantial portion of the Total Force. When members take time off from their civilian jobs to maintain proficiency or are called to active duty, their employers face scheduling, staffing and financial burdens. It is, therefore, EANGUS' position that this provision be viewed in a very favorable light. In fact, the Assistant Secretary of Defense for Reserve Affairs submitted legislation pertaining to this very issue. H.R. 471 was introduced on January 11, 1995 by Congressman Bilirakis.

SEC. 303. REPORT TO CONGRESS CONCERNING INCOME INSURANCE PROGRAM FOR ACTIVATED RESERVISTS

EANGUS fully supports the Mobilization Income Insurance with a minor reservation as it exists in the FY 96 Defense Authorization Act. We believe it should be tiered in order to allow self-employed Guard and Reserve members higher levels of insurance. Very often, as evidenced by the plight of many self-employed Reservists activated during Desert Storm/Desert Shield, self-employed Reservists suffer more devastating financial losses during their absences. This fact should be dealt with more realistically by providing them with larger safety nets should their individual cases warrant it. We are not suggesting an across-the-board increase in available income insurance, instead that the ceiling be lifted to

accommodate self-employed on a case by case basis.

**SEC. 304. REPORT TO CONGRESS CONCERNING SMALL BUSINESS
LOANS FOR MEMBERS RELEASED FROM RESERVE SERVICE DURING
CONTINGENCY OPERATIONS**

Self-employed Reservists contribute to the readiness, preparedness and combat capability of the Total Force. Yet many who were called to active duty during Desert Storm/Desert Shield found themselves in dire financial straits as a direct result of their absences. EANGUS believes this provision to provide small business loans to members is extremely important to retaining quality personnel, particularly in hard-to-fill skills and specialties. Loss of these members would directly affect readiness as retention and enlistment would suffer.

EANGUS also feels this provision should include a stipulation that retroactively includes Reservists who were activated for Desert Storm/Desert Shield, whose businesses suffered disastrous financial hardships as a result. Reservists' positions are far more precarious than that of their active duty counterparts by nature of their roles.

**SEC. 401. ANNUAL REPORT TO CONGRESS CONCERNING SHORTFALLS
IN RESERVE COMPONENT RESOURCES**

It is our understanding that the reporting of shortfalls in funding for Reserve Components personnel, operations and maintenance, equipment and military construction is being accomplished quite effectively. Further requirement of reporting and/or reiteration of practices currently being carried out would simply duplicate existing practices and create an added reporting burden. This provision has not been sufficiently proven to be essential.

**SEC. 501. REPORT CONCERNING TAX DEDUCTIBILITY OF
NONREIMBURSABLE EXPENSES**

Members of the National Guard incur unreimbursed expenditures that are a direct and unavoidable result of service on behalf of national defense. These expenditures include travel and transportation to drill sites, meals, lodging, uniforms, duty-related dues and subscriptions and other military service connected expenses.

The Tax Reform Act of 1986 changed the treatment of these expenditures from reductions to adjusted gross income to itemized reductions. This change totally eliminated reimbursement for those individuals who do not itemize their income taxes and significantly reduced the amount of allowances for those who do itemize.

EANGUS supports this provision, albeit cognizant, on the other hand, that legislation dealing with this issue has in the past been submitted to no avail.

**SEC. 502. AUTHORITY TO PAY TRANSIENT HOUSING CHARGES FOR
MEMBERS PERFORMING ACTIVE DUTY FOR TRAINING AT LOCATION
GREATER THAN 50 MILES FROM RESIDENCE**

EANGUS supports this provision to provide a temporary quarters allowance or reimbursement for transient housing incurred by members of the National Guard who perform active duty training and attends inactive duty training at locations exceeding 50 miles from members' residences.

Along with other expenses frequently incurred by Guard members performing service to their country, travel and transportation rank among those that are the greatest to bear. In fact, many Enlisted Guard personnel have to travel hundreds of miles in order to attend inactive

duty training assemblies and active duty training.

SEC. 506. LOCAL COMMUNITY AND MILITARY PERSONNEL MUTUAL BENEFITS PROGRAM

EANGUS is somewhat cautious regarding support of this provision as it could be construed as endorsing specific vendors. We believe a better course would be to allow vendors to offer military personnel discounts on a volunteer basis as many of them already do, particularly during times the United States is actively engaged in a military mission. Taking an official posture would cast a cloud on the *intent* of this kind of provision when the air is heavy with ethical innuendoes.

CONCLUSION

The Enlisted Association of the National Guard of the United States would like to express its thanks and appreciation to the Chairman of the Military Personnel Subcommittee and its distinguished members for giving us the opportunity to express our views on these vital issues. EANGUS believes that you have our Enlisted members' best interests at heart and are therefore receptive to insight from our perspective. We are very concerned over what *perception* is being given to our thousands of Enlisted personnel and potential enlistees regarding the gravity and emphasis being given to their welfare. I am sure you will agree that the Enlisted force is the backbone of our nation's Total Force; if they are not taken care of so that they can maintain their current high standards and so they can strive for even higher standards, our nation's defense will suffer.



NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

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9 April 1996

The Honorable Robert K. Dornan
Chairman, Military Personnel Subcommittee
House National Security Committee
2340 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for the opportunity to testify before your committee on H.R. 1646, The Reserve Forces Revitalization Act. We believe the rather lengthy hearing on 21 March provided an effective airing of the various positions on several key provisions in the Bill.

I am writing to you today to provide some information which was obtained subsequent to the hearing. On 14 February 1996, Congressman Greg Laughlin wrote to the Governors of the States briefly explaining the objectives of H.R. 1646 and asking for their advice and input. In the letter he indicated that his meetings with the National Guard Bureau and the National Guard Association "resulted in signals that conflict from what Congress has heard from many Governors."

We have recently been provided copies of the replies from approximately 20 States. Most were signed by the Governor, although two were signed by the Adjutant General, one by the Deputy Chief of Staff to the Governor and one by the State Cabinet Secretary. Of the total received only one, signed by the Cabinet Secretary, indicated support for the Bill without major reservations. Even that response indicated that the best solution would be to place "the Reservist in a state active duty status, paid with state funds..." That is basically what the National Guard Association proposed in our alternative language submitted at the hearing, that is, that any structure required to respond to State requests should be assigned to the National Guard whenever possible without impacting on the federal mission.

All other replies from the States indicated serious concern with the Bill as written. For example, Governor Tommy G. Thompson, Wisconsin, stated: "Although H.R. 1646 is designed to allow access to federal reserve units, state and National Guard advisors indicate serious concern with certain provisions in the bill. Some of the issues which need to be more fully addressed

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are the procedures for processing requests through FEMA, decisions on ultimate responsibility for funding, and most critically, a resolution of a single point for assignment of missions and operational control of activated federal forces." His concerns are almost identical to those raised by the National Guard Association and other witnesses during your hearing.

Again, thank you for holding the hearing. We can provide additional information, or copies of the letters we have received, if you or your staff wishes it. We look forward to working with you to improve the readiness and response capability of all of our nation's forces in the future.

Sincerely,

Edward J. Philbin

EDWARD J. PHILBIN
Major General, ANGUS (Ret.)
Executive Director

cc: Honorable O.B. Pickett
Honorable G.V. Montgomery

GENERAL

ISSUE: ASSESS THE PROBLEMS AND CONCERNS THAT THE PROPOSED ACT MITIGATES OR ADDRESSES.

ANSWER: The problems and concerns H.R. 1646 aims to mitigate appear to be founded in the perception that a Military Service is not adequately managing, utilizing, or resourcing their Reserve component. The organizational relationship of the Navy and the Naval Reserve, the command structure of the Naval Reserve, and the expanse of responsibility of the Commander/Chief of Naval Reserve, already mirror H.R. 1646. Several provisions of H.R. 1646 would simply codify the Navy and Naval Reserve existing organization and structure.

ISSUE: EVALUATE THE IMPACT OF THE PROPOSED LEGISLATION ON DOD'S ABILITY TO ACHIEVE A SEAMLESS ACTIVE-RESERVE MILITARY FORCE.

ANSWER: As indicated above, many of the provisions of H.R. 1646 already reflect the organization of and relationship between the Navy and Naval Reserve. They are in place because, we have found, they best promote the seamless integration of the Active and Reserve components of the Navy Total Force. The original draft of H.R. 1646 contained two provisions we viewed as counter to seamless integration, and requested they be removed from the Navy sections. One provision would have established the Naval Reserve Personnel Center (NRPC) as a separate command from the Bureau of Naval Personnel (BUPERS). NRPC is a detachment of BUPERS and, as such, personnel management of Active and Reserve forces is fully integrated; management of promotions, benefits, accessions, transfers, separations, etc., are all managed by the same organization for both Active and Reserve personnel. The other provision, also a personnel issue, would have placed the management of Full-Time Support (FTS) personnel under the Chief of Naval Reserve. Currently, FTS management is under the Chief of Naval Personnel. Moving FTS management to the Chief of Naval Reserve, would have meant virtually duplicating all of the personnel management functions resident in the Bureau of Naval Personnel. With seamless integration as the goal, separate personnel organizations and management were viewed as counter to this objective.

ORGANIZATIONAL

ISSUE: EVALUATE THE RATIONALE FOR THE STATUTORY ESTABLISHMENT OF A SEPARATE ARMY, NAVY, AIR FORCE AND U.S. MARINE CORPS RESERVE COMMANDS.

ANSWER: There is within the Navy a Naval Reserve command; this is Commander, Naval Reserve Force (COMNAVRESFOR), an Echelon II command that reports directly to the Chief of Naval Operations. Organizationally, this command establishment and reporting relationship has proven to be most effective

for the management and seamless integration of the Naval Reserve, and would be maintained regardless of a statutory requirement.

ISSUE: EVALUATE THE REQUIREMENT THAT THE COMMANDER OF EACH OF THE SERVICE'S SEPARATE RESERVE COMMANDS REPORT DIRECTLY TO THE SERVICE'S CHIEFS, AS WELL AS THE RATIONALE FOR AND IMPLICATIONS OF THE ASSIGNMENT OF SOME OR ALL (DEPENDING ON THE SERVICE) NON-MOBILIZED RESERVE FORCES TO THE SERVICE'S RESERVE COMMAND.

ANSWER: As an Echelon II command, Commander, Naval Reserve Force, like all Navy Echelon II commands (i.e., Fleet CINCs, Chief of Naval Personnel, Chief of Naval Education and Training), reports directly to the Chief of Naval Operations who is his immediate superior in the chain-of-command.

Under authority of Title 10, Secretary of the Navy conducts all affairs of the Department of the Navy with regard to the function of organizing. Under this authority, Secretary of the Navy assigns specific portions of the Naval Reserve to the Naval Reserve Force. Further codification of assignment of forces may not be necessary but, if included, should be consistent with current law.

ISSUE: ASSESS THE PROPOSED INCREASE IN NUMBERS AND RANK/GRADE OF GENERAL AND FLAG OFFICERS REQUIRED FOR THE HEADQUARTERS OF THE SEPARATE RESERVE COMMANDS.

ANSWER: The only billet realizing an increase of rank by this legislation is the Commander/Chief/Director of Naval Reserve.

- The Commanders and Chiefs of all other large Navy Echelon II commands are three or four star admirals. It would be consistent to make the Chief of Naval Reserve/Commander, Naval Reserve Force a three star admiral, considering the number of personnel (96,000-100,000) under his command and the world-wide scope of his responsibilities.
- As Commander, Naval Reserve Force, the incumbent serves additional duty to the Fleet CINCs. COMNAVRESFOR must provide trained units and qualified personnel in time of war, national emergency, or at such other times as the national security requires. In this capacity, he serves much as a three star Type Commander.
- COMNAVRESFOR is in direct command of 20% of the Navy. In this capacity, he also has 48 Flag officers reporting to him. Only CNO has more Flag officers and individuals under his command.
- Organizationally, within the CNO's staff, the Chief/Director of Naval Reserve functions approximately in the same capacity as the Deputy Chiefs of Naval

Operations, all Vice Admirals. In this capacity, he is the appropriations sponsor for the Naval Reserve. Also, the Chief/Director of Naval Reserve is a participant/member of several CNO executive level bodies; participants of these bodies are predominantly, if not exclusively, three-stars.

One additional Flag officer for the headquarters of the Naval Reserve command is proposed by this legislation, the Chief of Staff, as a Rear Admiral (lower half). This increase is not essential to the effective management and organization of the Naval Reserve.

ISSUE: REVIEW THE JUSTIFICATION FOR AND IMPLICATIONS OF THE PROPOSED EXEMPTION OF GENERAL/FLAG OFFICER POSITIONS FROM STATUTORY ACTIVE DUTY GRADE CEILINGS.

ANSWER: Currently, three Reserve Flag officers, serving on active duty under 10 USC Section 12301(d), count against ceiling numbers for the 48 Reserve Flag officers authorized under Title 10, and against ceiling numbers for the 220 Active Flag officers authorized.

ISSUE: ASSESS THE EXPANDED RESPONSIBILITIES OF EACH SERVICE'S CHIEF/COMMANDER OF THE RESERVE, INCLUDING THE NEW RESPONSIBILITY TO MAKE PREPARATION, JUSTIFICATION AND EXECUTION OF THE RESERVE PROCUREMENT PROGRAM A PRINCIPAL DUTY.

ANSWER: Responsibility for the preparation, justification, and execution of the Naval Reserve budget does not represent an expansion of responsibility for the Commander/Chief of Naval Reserve, except in the area of procurement appropriations. Commander/Chief of Naval Reserve is the "director and functional manager" of appropriations made for the Naval Reserve for personnel, operations and maintenance, and construction. Including procurement appropriation responsibilities is viewed as an inappropriate expansion, requiring the Commander/Chief of Naval Reserve to duplicate the functions of the office of the Assistant Secretary of the Navy (Financial Management and Comptroller) (Navy Comptroller). The current delegation of all procurement responsibility to the Navy Comptroller is viewed as the most efficient accomplishment of the procurement process.

MISSION AND ACCESSIBILITY

ISSUE: REVIEW THE NEED FOR THE PROPOSED NEW AUTHORITY AND PROCEDURES PERMITTING THE PRESIDENT TO INVOLUNTARILY RECALL RESERVE COMPONENT UNITS AND INDIVIDUALS TO RESPOND TO NATURAL DISASTERS.

ANSWER: Current statutory authority for Presidential Reserve Authority to provide Federal disaster relief, contained in Section 12303 of Title 10, is sufficient. The proposed amendment, requiring certification of need through specified agencies, may impede accessibility to Reserve recall.

ISSUE: ASSESS THE PROPOSED CHANGE IN RESERVE ACTIVATION AUTHORITY THAT RESTRICTS THE PRESIDENT'S PARTIAL MOBILIZATION AUTHORITY TO INVOLUNTARILY RECALL RESERVE UNITS AND PERSONNEL TO SITUATIONS WHEN THE PRESIDENT DETERMINES THAT AUGMENTATION OF THE ACTIVE FORCES IS NECESSARY. CURRENT LAW PERMITS THE PRESIDENT TO INVOKE PARTIAL MOBILIZATION "IN TIME OF NATIONAL EMERGENCY DECLARED BY THE PRESIDENT," WITHOUT REGARD TO A DETERMINATION OF A NEED TO AUGMENT THE ACTIVE FORCES.

ANSWER: Restricting the President's partial mobilization authority to situations where "augmentation" of the Active forces is necessary, may not account for the use of Reserve forces for those mission areas *only* resident in a Reserve component. Also, the proposed amendment, requiring determination of need, may impede accessibility to Reserve recall.

ISSUE: EVALUATE THE IMPLICATIONS OF THE PROPOSED REQUIREMENT THAT THE PRESIDENT PROVIDE CONGRESS 48-HOUR PRIOR NOTICE OF THE PROPOSED EXERCISE OF THE RESERVE-RECALL AUTHORITY, A DESCRIPTION OF THE ANTICIPATED USE OF THE RESERVES, AND THE ANTICIPATED LENGTH OF SERVICE.

ANSWER: A requirement for the President to notify Congress in writing 48 hours prior to exercising his Reserve-recall authority imposes on the powers of the President as Commander in Chief of the Armed Forces, and unnecessarily restricts his authority and ability to access the Reserve forces by creating an additional 48 hour delay in the process of activating the Reserve forces.

RESERVE RESOURCES

ISSUE: EVALUATE THE PROPOSED LIMITATION ON THE SECRETARY OF DEFENSE THAT ANY FUNDS IN A RESERVE COMPONENT APPROPRIATION MAY BE TRANSFERRED TO AN ACTIVE COMPONENT ACCOUNT ONLY WHEN SPECIFICALLY AUTHORIZED BY LAW.

ANSWER: At present, reprogramming requests between appropriation accounts require Congressional approval. Imposing a requirement to enact legislation would make this process more cumbersome and time consuming, when expediency is desired.

ISSUE: ASSESS THE DESIRABILITY OF THE PROPOSED ANNUAL REPORT TO CONGRESS THAT WOULD DETAIL RESERVE COMPONENT RESOURCE SHORTFALLS.

ANSWER: The annual DoD National Guard and Reserve Equipment Report to Congress already addresses the issues of equipment compatibility and allowance shortfalls within the Reserve components. An additional report could easily be extracted from this data, but would be repetitive. All other Naval Reserve budget areas, personnel, operating and maintenance, and construction, are all reviewed as part of the overall Department of Navy Planning, Programming, and Budget System (PPBS) process, and are satisfactorily funded during this process.

RESERVE FORCES SUSTAINMENT

ISSUE: ASSESS THE DESIRABILITY AND COST OF THE SEVERAL PROPOSED SUSTAINMENT INITIATIVES INCLUDING REVISED TRANSIENT HOUSING ALLOWANCES, AND A LOCAL COMMUNITY AND MILITARY PERSONNEL MUTUAL BENEFITS PROGRAM.

ANSWER:

While Reserve Personnel Navy (RPN) funding provides for lodging related to Annual Training and other travel under orders away from the Permanent Drill Site (PDS), it does not cover expenses for essential unit training assemblies at the PDS. Since 1985, the Naval Reserve has interpreted the spirit of language concerning "expenses necessary for training" as a basis for providing lodging to members performing unit training assemblies more than 50 miles from their residence.

The Local Community and Military Personnel Mutual Benefits Program raises several concerns. Administration of eligibility entitlement would be tremendous. Also, this program would be in direct competition with our Exchanges and Commissaries.

It would be necessary to investigate the feasibility of restoring tax deductibility of nonreimbursable expenses incurred by members of Reserve components that was disallowed by the Federal Tax Reform Act of 1986. Navy supports the continuation of the Congressionally-funded quarters allowance for periods of Active duty for training. Leave policies for the Active and Reserve components of the Navy are identical, and it is desirable to continue this policy. Provisions of H.R. 1646 concerning dental insurance have been superseded by the passage of the Selected Reserve Dental Insurance Plan contained in the FY96 Defense Authorization Act.

ISSUE: EVALUATE THE REQUIREMENT FOR AND POTENTIAL COST OF THE PROPOSED REQUIREMENT THAT THERE BE NO DISTINCTION BETWEEN ACTIVE

DUTY PERSONNEL AND RESERVE COMPONENT MEMBERS (AND THEIR DEPENDENTS) SERVING ON ACTIVE DUTY IN PAY, BENEFITS, ELIGIBILITY FOR MEDICAL CARE, OR ANY OTHER BENEFIT IF SUCH DISTINCTION IS BASED SIMPLY ON LENGTH OF ACTIVE DUTY SERVICE.

ANSWER: Currently, there are differences in allowances that Naval Reservists will receive depending upon the length of active duty and the type of active duty orders issued. It would be necessary to further explore the parity issue; cost estimates to realize parity are about \$2M.

Review of eligibility for expanded dependent benefits dictates a continued policy of limitations. At present, medical treatment facilities are too burdened to provide unlimited care for existing dependent and retired populations; adding eligibility for Reservists' dependents would further burden these facilities. The administrative time, costs and overhead for adding and removing eligibility for short periods of active duty would be prohibitive. Also, expanded medical eligibility raises concerns about treatment for pre-existing conditions and the military's responsibility for care or treatment.

ALTERNATIVE LANGUAGE TO H.R. 1646 PROPOSED BY THE NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

ISSUE: SECTION 301 IS REPLACED IN ITS ENTIRETY.

ANSWER: Full implications of this new section are unclear. One area of concern is the potential to complicate the line of command and control because "Reserve units and members...shall be under the command of the armed forces, but such units and personnel of the reserve components shall be under the operational control of the governor..." This must be fully studied before final comment can be made.

It appears the alternative section would eliminate the restrictions to accessibility and additional reporting requirements associated with activation of Reservists. Confirmation that these restrictions would be eliminated is necessary before final comment can be made.

ISSUE: ADD SECTIONS 209 AND 601.

ANSWER: Implications of these sections appear to only affect the Army and Air Force Reserve and their respective Guard organizations.

MEDICARE SUBVENTION

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Wednesday, September 11, 1996.

The subcommittee met, pursuant to notice, at 1:13 p.m., in room 2118, Rayburn Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Subcommittee on Military Personnel of the National Security Committee comes to order.

Welcome to all our guests to one of the most important, if not the most important, committee hearing rooms on Capitol Hill, because people as represented by those flags behind you on those battle streamers die for our freedom of speech, or pick up injuries for life; that's why this committee is so important.

Today, this subcommittee will hear testimony on legislative proposals for Medicare subvention as well as the Department of Defense and Department of Health and Human Services plan for a demonstration program to provide Medicare reimbursement to DOD for medical care provided to military Medicare eligible beneficiaries.

Presently there are about 1.2 million Medicare eligible military beneficiaries. Although these folks are eligible to use military medical care facilities on a space available basis, they are not eligible to enroll in, or participate in, the Department's TRICARE managed health care program. As a result, these beneficiaries are very concerned that their access to military medical facilities will become increasingly difficult, particularly since the TRICARE Program is designed to maximize use of these facilities by TRICARE Program enrollees.

DOD estimates that about 25 percent of military Medicare eligible beneficiaries currently rely on military facilities for the majority of their health care needs. Supporting this population, which is projected to grow by 29 percent by 2001, the cost to the Department will be about 1.4 billion a year.

Continuing to meet the medical needs of this growing military beneficiary population is an extremely difficult challenge, particularly in today's budget constrained environment. The Department of Defense, military organizations and associations, and a substantial number of congressional members believe Medicare subvention may be a viable cost effective method of ensuring the continued

provision of quality health care to this well deserving beneficiary group.

Our objectives in this hearing are to gain an understanding of the various legislative proposals that have been introduced in the House to provide for Medicare reimbursement to DOD itself, or to establish a demonstration program to test the subvention concept.

In addition, we will hear details of the Medicare subvention demonstration plan recently agreed to by DOD and the Health Care Financing Administration, and this is endorsed by the Clinton administration.

Enacting Medicare subvention legislation has long had strong bipartisan support on the Committee on National Security. The Military Personnel Subcommittee has worked very closely with the Department of Defense in a nonpartisan manner to expedite plans to conduct a demonstration of the concept. While I am anxious to learn the details of the administration's plan to test subvention, I must express my disappointment in the handling of this matter. Although the details of the demonstration plan were worked out last week, the plan was signed by the Secretary of Defense and the Secretary of Health and Human Services, details of the demonstration program were withheld from the committee until the very last minute.

Having said that, I would like to commend the DOD and the Health Care Financing Administration for their tireless efforts to develop a demonstration program. And particularly, I want to commend Dr. Stephen Joseph, the Assistant Secretary of Defense for Health Affairs, on his personal dedication to this very important issue. He has worked long and very hard on it, and has made subvention a top priority within the Department.

I look forward to learning more this afternoon about the proposed demonstration, as well as the various bipartisan proposals for testing subvention that have been introduced into our House.

Mr. Pickett, do you wish to make an opening statement, sir?

STATEMENT OF HON. OWEN B. PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

Mr. PICKETT. Thank you, Mr. Chairman, I want to applaud your decision to hold this hearing. Medicare subvention is an issue of tremendous concern to members of this subcommittee, has strong bipartisan support for enacting legislation that would allow Medicare to reimburse the Department of Defense for care provided to well deserving Medicare eligible military retirees and their families.

I have a very large active duty military population in my district. I also represent a very large community of military retirees and their families. Medical care is an issue of great importance to them. I frequently hear concerns about access to military health care facilities on just a space available basis. Overwhelmingly, Medicare eligible military retirees want to receive their medical care in military treatment facilities.

In fact, in a 1-week period over the recent congressional recess, I received more than 850 pieces of mail on this issue, more than I have received in 1 week on any other single issue that has been

before this Congress. With bases being closed and realigned throughout the country, and as TRICARE is implemented and begins to maximize use of military medical facilities by TRICARE enrollees, access to quality military health care will become increasingly difficult for military Medicare eligible beneficiaries.

Medicare reimbursement to DOD will provide relief for these well deserving beneficiaries by enabling the Department to enroll them in the TRICARE Program and guarantee them access to military medical care. I personally believe Medicare reimbursement to the Department of Defense will save the Federal Government and the Medicare trust fund money in the long run, that the military health care system can provide quality care at a lower cost than can civilian Medicare providers.

Therefore, I strongly support efforts to enact legislation to conduct a subvention demonstration program. A subvention demonstration program will settle the issue about whether or not it will save the Government money, and will help us determine the feasibility of implementing subvention on a national scale.

The U.S. Government has a moral obligation to fulfill the commitments made to our military retirees. Enacting Medicare subvention is the right thing to do to ensure those who have so faithfully served this country that they will continue to receive the health care they have earned. Enacting this legislation will provide a legitimate test to determine the feasibility of subvention, and its ability to meet the medical needs of our Nation's military retirees and their families.

I look forward to the testimony today and am particularly interested to learn the details of the proposal that has been coordinated by the Department of Defense and the Health Care Financing Administration.

Thank you, Mr. Chairman.

Mr. DORNAN. Thank you, Mr. Pickett.

Did any of the other members—Mr. Buyer slipped out of my sight here a second—any of the gentleman on my side want to make an opening statement? Ms. Harmon? Mr. Spratt?

Mr. SPRATT. I have a statement which I submitted for the record, and with unanimous consent, Mr. Chairman, I would appreciate it being made a part of the record.

Mr. DORNAN. We have that. It will be made a part of the permanent record.

[The prepared statement of Mr. Spratt follows:]

REP. JOHN SPRATT
STATEMENT TO MILITARY PERSONNEL SUBCOMMITTEE
COMMITTEE ON NATIONAL SECURITY

September 11, 1996

Mr. Chairman, I commend you for conducting this enlightening hearing.

After the sacrifices they have made in service to our country, our military retirees deserve our support. They deserve better than to see their medical benefits reduced and payments increased as they become eligible for Medicare.

All military retirees are currently eligible to receive care in the base hospital, or other Military Health Care Facility. Active duty military members receive first priority; retirees are seen on a "space-available" basis. In the past, this system allowed most retirees to receive top-notch medical care for minimal or no cost.

However, base closures and the overall down-sizing of the U.S. military have reduced the pool of military health care providers. "Space" is simply less "available" than in years past.

The military's health care program, TRICARE, could aggravate this availability problem. TRICARE maximizes the use of Military Health Care Facilities for participants in its managed care (or PRIME) program. Since Medicare-eligible retirees are excluded from participating in TRICARE, they may often find themselves

blocked out of the base hospital.

Major corporations provide a buffer for their Medicare-eligible retirees. General Motors, for example, pays the premium to provide supplemental Medicare coverage for its retirees. If corporations can do so, surely the government can construct a system in which our retired servicemen and women can receive comparable coverage.

That's why I support the concept of Medicare Subvention, which would allow the Department of Health and Human Services to reimburse the Defense Department -- like it reimburses other providers -- for services rendered. This appears to be a common sense way to provide the health care benefits our military retirees earned without incurring additional costs to the taxpayer.

I cosponsored Rep. Hefley's subvention bills -- H.R. 580 and H.R. 3142 -- with the understanding they will not add to the federal deficit. The Congressional Budget Office, however, claimed a \$2.7 billion price tag by the turn of the century.

This estimate does not represent the cost to the Treasury; it is more a reflection of the peculiar rules used to "score" budgets. Even so, the CBO numbers have kept subvention from being included in the long-term budget agreement.

I think that's a mistake. That's why I have written the Speaker, the Minority Leader, the Budget Committee Chairman and the Chairman of the Committee on Ways and Means to express my support for this legislation.

Within the Defense Authorization Bill, we were able to make

some progress this year -- by requiring the Secretaries of Defense and Health and Human Services to develop a subvention demonstration plan. Though their plan is not as ambitious as I would hope, the three-year demonstration should provide the evidence we need to prove subvention's cost-effectiveness. Hopefully, this program's early success, coupled with informative hearings like today's, will expedite a nationwide subvention program. Our military retirees, who have given so much to our nation, deserve no less in return.

Ms. HARMON. Mr. Chairman, I just have one thing to say, I salute you for holding this hearing even in the last days of this Congress. It is an important subject, and it's being presented in a very bipartisan and substantive way, and I commend you.

Mr. DORNAN. Great. Mr. Skelton, did you have a statement?

Mr. SKELTON. No, thank you very much.

Mr. DORNAN. OK. Well, ladies and gentlemen, believe it or not, I think Congressmen are experts on a lot of things, and that is why I am honored to have as our first panel a bipartisan group of United States Congressmen who have really put a lot of time and study into this effort. I'll just go from left to right here, and start with the Hon. Joel Hefley, an original sponsor of Medicare subvention legislation, and one of the leading proponents in the House of Representatives on this issue.

Mr. Chairman, proceed, one of Floyd Spence's five marshals, a good gunslinger.

STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO

Mr. HEFLEY. Thank you, Mr. Chairman, and I want to thank you and Mr. Pickett and the committee. This subcommittee, you are not "Johnny-come-latelys" on this subject. Your staff has worked with us endlessly on that, and I would thank them. The committee has been very interested, as I think every member of this subcommittee if I am not mistaken, has been a sponsor of all of the subvention bills that we've tried to structure so that we could get something through here that would help the situation, and I thank you for that.

Under the current law—and you, Mr. Chairman, outlined it well—but under the current law, the Department of Defense is not reimbursed by Medicare when they treat a retiree at a military treatment facility. Under the incoming TRICARE system, retirees over 65 will no longer be treated by military treatment facilities unless the Department of Defense can get some kind of Medicare reimbursement.

There are currently 1.2 million military beneficiaries age 65 or older, who are eligible for Medicare; and of those 1.2 million, there are an estimated 324,000 of those Medicare eligible beneficiaries who receive space available care in military treatment facilities at a current annual cost of \$1.4 billion. As DOD's new managed health care program, TRICARE, is implemented throughout the country, retirees over 65, those not eligible to enroll in TRICARE—because being Medicare eligible automatically makes you not eligible for TRICARE—will be forced out of the military treatment facilities, and will be subsequently forced onto Medicare.

Now, how does H.R. 2142 help the situation? It will authorize a demonstration of the Medicare subvention concept to allow Medicare to reimburse DOD for care provided to military retirees by military treatment facilities.

Now, the original bill was not a demonstration, we just would do it. The score on that was so high—even though almost everybody who looks at it says we would actually save money on it—the score on it was so high because of the technicalities of the way they have to score it, that we decided that maybe a demonstration program

which would prove what Mr. Pickett said so well, that it will actually save money, was the better way to go.

The concept is based on the parameters which have been jointly developed by DOD and the Department of Health and Human Services. The tests would be conducted in at least two TRICARE regions in the United States. The tests would run for three years, and provide ample opportunity to demonstrate what 221 of my colleagues who have cosponsored this piece of legislation have contended for years, that subvention will save money for DOD, Medicare, and the taxpayers.

This project is set up so that neither DOD nor Medicare will incur any additional costs under the projects than they would otherwise incur providing such services in the absence of this project. H.R. 3142 directs that Medicare will reimburse the Department of Defense at a discount rate of 93 percent of the capitated rate that Medicare would otherwise have to pay a private health provider. So already, you see where the savings will come in.

It also requires an annual GAO audit, and reconciliation between DOD and Medicare.

Things to keep in mind when talking about a test demonstration of subvention, the new proposal by the Clinton administration, I feel—and I don't want to trash that at all, we are delighted that the administration has come to where they are today, but there are some concerns I have about it—I think it falls short of a good test of Medicare for subvention. I think it should be conducted in more than one region of the United States to get a good sample of what is actually happening within the military retiree community. It should for the same reasons be conducted throughout the entire region that the test is being conducted in and not just in the three or four major medical facilities in those regions as the Clinton Administration's plan would do.

Under the Administration's plan, small facilities within each region would be excluded in any such test of Medicare subvention. It is important that every facility which is part of the TRICARE Program within a particular region, both military and civilian, be included in the demonstration project.

This would make the demonstration project of Medicare subvention to DOD inclusive enough for all military retirees living within the test region to have an accurate reading of what would take place if subvention were implemented throughout the other regions of the country. Unfortunately, the Clinton plan only tests subvention in the larger sites.

I am disappointed also to see that the plan would exclude those disabled military retirees, those who may not yet be 65, from any test of subvention. Nothing in the plan that we have before you today would prohibit disabled retirees from taking part in this program, and neither does any other of the Medicare subvention plans that is been introduced in Congress.

It's my hope that the Administration is open to revising the scope of the demonstration project to include these individuals, and also to implement other worthwhile ideas that may shortly develop.

The administration plan also, I feel, falls short of being able to accurately test the benefits of Medicare subvention to either the retiree DOD or Medicare. This plan will not be able to return enough

information to prove whether the subvention concept is a good one or not. In fact, the plan may not even be able to return enough information to prove anything, and I think if there is anything we want, but don't just want eye wash here, we want something that actually does tell us what we want to know about whether subvention makes good sense or not.

So I again would close by thanking the Chairman and the subcommittee for their support for taking this important matter up here at the close of the session. Hopefully we can actually move something before the session is over.

And with that, I would be prepared to answer any questions, Mr. Chairman.

Mr. DORNAN. We have a vote on a motion to instruct the conferees on the Veterans Affairs and HUD; and I thought in case any of the members had any other pressing engagements after this vote, you could abbreviate your statements, or—Mr. Watts or Mr. Taylor, do you have any problem pressing? Can you come back after the vote?

All right. Then, Mr. Watts start your statement. We will go as far as we can with yours.

STATEMENT OF HON. J.C. WATTS, JR., A REPRESENTATIVE FROM OKLAHOMA

Mr. WATTS. Thank you, Mr. Chairman. I, too, want to express my sincere appreciation to you for holding this important hearing today on Medicare subvention, and I am delighted to be seated here next to my colleagues, and next to Congressman Joel Hefley, who has been the leading advocate in the Congress for correcting this serious and unfair situation that he has so ably described.

I'm proud to join with Congressman Hefley in introducing legislation to establish a Medicare subvention demonstration program which we believe will be the first step in restoring fairness and quality health care to our military retirees.

Life in the military is difficult and challenging. Pay is low, housing is often substandard, service members find themselves separated from their families for long periods of time, yet thousands of loyal, young, Americans—including my own daughter—enlist every year to serve their country in this most significant way.

Certainly their incentive is founded in an abiding patriotism and love for our great country, but additionally, we as a nation have made promises to our service men and women; and one of our most important promises to them is the guarantee of quality health care for their lifetimes. This is an entirely appropriate and well-earned benefit. It is a contract with our service personnel, and it is very disturbing to see that benefit reduced, to see that contract violated.

The problems involving Medicare subvention first came to my attention when I began my first campaign for Congress in Oklahoma back in 1994. A number of military retirees spoke to me about the problems they were having getting the Government to keep its promise concerning health care. I decided at that time to make this a priority if I were elected to Congress, and I've been privileged to work with Congressman Hefley, as well as former Senator Bob Dole and Senator Phil Gramm, to develop a solution to this prob-

lem; and there's been other legislation submitted prior to the 104th Congress, obviously, by different Congress persons.

The legislation I introduced earlier this year, H.R. 3151, the Medicare Subvention Fairness Act, would require the Departments of Defense and Health and Human Services to conduct a demonstration project which I believe will show the efficiency of the Defense Department being reimbursed for care that its hospitals provide to Medicare eligible military retirees. I believe we can accomplish this with no extra cost to the Federal Government.

This Congress has made a strong commitment to our military and our veterans. We're demanding that they be supplied with the most modern and up to date equipment available. That is especially meaningful to me now that my daughter has joined the Air Force. We are improving their care at Veterans Hospitals. We're improving their housing. And we've corrected the delay in retiree's cost of living adjustments.

Now is the time to finish that work by making sure that retirees have the quality health care we guaranteed them years ago when they made a career commitment to us. It's simply a question of fairness.

And in closing, our third panel of the day with representatives from the National Military Veterans Alliance and the military coalition, will bring this point home very strongly, I'm sure. Both organizations have worked very hard on this issue, and I commend them for their effort and their commitment.

Mr. Chairman, thank you for this opportunity to testify on this critical issue, to share my thoughts, and I look forward to working with you and other members of our committee in crafting a bipartisan solution to this very serious problem. And I thank you for my time.

Mr. DORNAN. Thank you very much, Mr. Watts. We've got about 6½ minutes to vote. So we'll take a brief recess and start with Mr. Taylor when we return.

[Recess.]

Mr. DORNAN. The subcommittee comes back from recess. Mr. Watts has another committee mark up with another piece of his legislation, so we'll turn to one of the experts on this issue, the distinguished gentleman from Mississippi, Mr. Taylor. Please proceed with your statement.

STATEMENT OF HON. GENE TAYLOR, A REPRESENTATIVE FROM MISSISSIPPI

Mr. TAYLOR. Thank you, Mr. Chairman, Mr. Dornan, Mr. Pickett, and distinguished members of the Military Personnel Subcommittee. I appreciate you allowing me the opportunity to testify before your subcommittee this afternoon regarding the issue of Medicare subvention.

I wholeheartedly support the concept of Medicare subvention. I'm cosponsor of two Medicare subvention bills, H.R. 580, and 3142, both of which have been introduced by my great colleague on the full National Security Committee, Mr. Hefley.

On July 10, 1996, I attempted to amend the fiscal year 1997 Labor-HHS-Education appropriations bill to implement Mr. Hefley's subvention bill on a national basis. Unfortunately, the

amendment was prevented from being offered by the Rules Committee; and then later, in a vote in the full House, a narrow majority voted against bringing it to the House floor.

In addition, as a member of the Democratic Blue Dog Coalition, we have worked to include that as a part of our budget.

Medicare subvention, Mr. Chairman, is about keeping promises. Military service recruiters promised a lifetime of free medical care for all those who chose a career in the military and served our Nation honorably for 20 years or more. That promise was made from at least the 1930's until very recently.

In fact, I would like to submit for the record a copy of a U.S. Army recruitment brochure, given to me by Colonel Paul Arcari of the Retired Officers Association, which certifies the promise of medical care for those in service.

[The information referred to was submitted for the record:]

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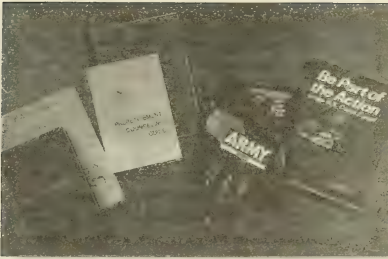
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Army Recruiting Brochure, "Superb Health Care. Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement." [RPI 909, November 1991 U.S.G.P.O. 1992 643-711]

Life in the Marine Corps, p. 36. "Benefits...should you decide to make a career of the Corps, the benefits don't stop when you retire. In addition to medical and commissary privileges, you'll receive excellent retired pay..."

Guide for Educators and Advisors of Student Marines, p. 35. "Retired Marines are generally eligible to receive any type of health and dental care at those facilities provided for active duty personnel."

Navy Guide for Retired Personnel and Their Families, p. 51. "Covered under the Uniformed Services Health Benefits Program (USHBP) are retired members, dependents of retired members and survivors of deceased active duty or retired members. This care is available anywhere in the world either in a uniformed services medical facility (meaning Army, Navy, Air Force and certain Public Health Service facilities) and under the part of the USHBP called CHAMPUS." [NAVPERS 15891D November 1974]

The Bluejackets Manual, p. 257. "What Navy Retirement means to you - pay. Continued medical care for you and your dependents in government facilities." [1969]

Air Force Preretirement Counseling Guide, Chapter 5 Medical Care 5-2f. "One very important point, you never lose your eligibility for treatment in military hospitals and clinics." [1 April 1986]

Air Force Guide for Retired Personnel, Chapter 1 "Treatment authorized. Eligible retired members will be furnished required medical and dental care." [1 April 1962]

United States Coast Guard Career Information Guide, USGPO. "Retirement. You continue to receive free medical and dental treatment for yourself plus medical care for dependents." [1991]

U.S. Coast Guard Pamphlet Be Part of the Action, "Reap the Rewards. You can earn retirement benefits - like retirement income...Plus medical, dental care..." [1993]

Hearings on CHAMPUS and Military Health Care, HASC No. 93-70, 93rd Congress "...the government has a clear moral obligation to provide medical care to retired personnel and their dependents...this Committee has found numerous examples of recruitment and retention literature which pledged...medical care for the man and his family following retirement." [Oct-Nov 1974]

Mr. TAYLOR. It states, "Health care is provided to you and your family members while you are in the Army for the rest of your life if you serve a minimum of 20 years of active Federal service during your retirement." This pamphlet was published in November of 1991.

I can also assure you that on June 25, 1971, in the Customs House on Canal Street in New Orleans, when I enlisted in the United States Coast Guard, my recruiter made the same promise to me.

I did not serve for 20 years, and therefore, I'm not entitled to the benefit of a lifetime of health care. However, like all recruits, I believed that in exchange for choosing military service as a career, a person would receive free medical care for the rest of their life. Only after being elected to Congress did I learn that this promise had already been broken.

Military retirees and their dependents who are Medicare eligible over the age of 65 are being forced out of military health care system and onto Medicare. Current law does not allow the Department of Defense to be reimbursed by HCFA for treating Medicare eligible retirees.

There are also manpower and funding shortfalls. Because of these reasons, military medical treatment facilities have been forced to limit retirees access to some of its nonemergency medical dependents. For military retirees over 65, access to treatment of military medical facilities is even more limited than before under the new Department of Defense health care program, TRICARE. The TRICARE Program does not allow military retirees over the age of 65 to enroll in its treatment program.

The promise of health care needs to be restored. It is a moral obligation earned by our Nation's military retirees. Medicare subvention is needed. Without Medicare reimbursement, the Retired Officer's Association said the DOD has no funding or financial incentive to treat military Medicare eligibles. Thus, they are being shoved out of the military health care system and onto Medicare. If that were not bad enough, CHAMPUS eligible beneficiaries who enroll are abruptly disenfranchised from TRICARE when they become Medicare eligible.

While critics may argue that medicare eligible military retirees and their spouses could still be treated in military treatment facilities on a space available basis, the truth is that these DOD facilities are fast running out of space, and are turning retirees away.

Military retirees in South Mississippi's 5th Congressional District were informed by Keesler Air Force Base that effective July 1, 1996, they must enroll in the new TRICARE Program and either seek a civilian doctor, or try their luck as a space available patient at Keesler. Keesler ended this notice by saying, and I'm quoting, "However, space availability will be extremely limited. Therefore, as an individual with a chronic medical condition, it's important that you have a regular physician near your home of residence."

Another important feature of the Medicare subvention concept is the fact that it will improve health care for those military retirees over 65 without an increase in cost to the Federal Government. Regardless of how CBO scores it, I honestly believe that Medicare subvention would save money. Medicare subvention would permit

the same military retirees with the same medical problems to use the same doctors they always have, and should cost no more to the Federal treasury whether the DOD or Medicare pays the bill. It's a grave injustice to the men and women who choose to serve this Nation as members of the uniformed military services to allow this promise to remain unfulfilled.

It is my hope that together this committee, the full House, and the full Senate, can enact Medicare subvention legislation into law before the end of the 104th Congress.

Mr. Chairman, I want to close by saying I appreciate your having this hearing. We had a chance in July to do the right thing. Unfortunately, that did not happen. We do have a second chance at least at solving part of this problem before the end of this session. I want to congratulate you for taking the steps to see to it that that takes place, and I would certainly encourage its passage before the full committee, before the full House, and hopefully the Senate will agree as well.

Mr. DORNAN. Well, I thank the gentleman for his remarks anchoring the distinguished panel. And my observation is, on keeping promises, I refer to my opening statement. You sit in this Chairman's position, and you see all those battle streamers, and those that put in 20, now, at least the last 3 years and 10 months, they never know where on this planet they are going to end up, or under what conditions, and it's rough on family life to be in the military. And if you were recruited under certain promises, we should try to keep them.

Let me open it up to questions from my subcommittee, starting with my Vice Chairman here, Mr. Pickett from Virginia.

Mr. PICKETT. I want to thank both of our witnesses—all three of or witnesses, actually, Mr. Chairman, again, for their contribution. I guess the key question that we're all concerned with today is how is the best way to approach the problem; and I don't know—I'm not trying to put either of you on the spot, but the proposal here to move ahead with a demonstration project of some magnitude to validate whether or not this is a program that will not in fact result in additional charges to the Medicare fund, are we pretty much in agreement on that general direction are we?

Mr. HEFLEY. Mr. Pickett, that's not what I would like, or what you would like, if we had our choice. It seems clearly obvious to me that this is going to be a money saver; but given the realities of the world we live in, I think yes, I think the demonstration project is the best way to go at this point.

Mr. PICKETT. All right. Mr. Taylor?

Mr. TAYLOR. Mr. Pickett, one of the interesting things that the DOD is saying is that military retirees are more likely to seek medical care than other retirees, and therefore it costs more money. I think by having the demonstration project, we can hopefully prove that is not the case.

And again, I think it's simply a case of fairness. This is something these folks were promised. And the truth of the matter is, they weren't promised COLA's, but they were promised free health care for the rest of their lives. So we ought to fulfill that promise.

As I just mentioned, as recently as November 1991 in that Army recruiting brochure, it says very clearly they are promised free

health care for the rest of their lives. When our Nation makes a promise, we ought to keep our promise.

Mr. PICKETT. There's been a lot of turbulence in health care programs in the last 10 years. When I first came to Congress in 1987, one of the things that the Personnel Subcommittee did was in July 1987 we started a series of hearings on health care that began in Norfolk, VA; and in each instance where we had a public hearing, we would listen to the chief military medical officer speaking, and then I would ask the question, "Putting aside the service view on this, what in your personal professional opinion is the best way for the military—and the most economical way—to provide the health care services required."

And in every single instance, once they shed the viewpoint of their service, they said, "The least expensive way for the taxpayers to meet this medical care requirement is with military health care facilities."

I guess I just want to get that on the record, because that's—if you go back and look at the reports of those hearings in 1987, we were saying the same thing.

Mr. Chairman, thank you very much.

Mr. TAYLOR. Mr. Chairman, could I make one last comment?

Mr. DORNAN. Yes, please.

Mr. TAYLOR. Then I'll try and get out of your way.

I think it is safe to say that in the years to come, this Congress will pass something fairly similar to what we did on welfare reform in the way of Medicare and Medicaid reform. I think a lot of that responsibility will be shifted back to the States, and I think it will not grow as fast as it has in the past. I'm not calling that a cut. I'm not going to get into demagoguery, but I think it's very safe to say that it won't grow as fast.

I think, therefore, it is very much important that Medicare subvention becomes a part of the baseline for that future Medicare/Medicaid Program, and that it is included ahead of time, so that if there's only to be 6 percent growth, then it is a part of the package that will grow by 6 percent, and will not for some reason or other be left out in the future.

And so now is the time to act on this, regardless of who controls the next Congress, and regardless of who controls the next administration.

Mr. DORNAN. All right, thank you.

Mr. Buyer.

Mr. BUYER. I have a question for both of you. I know, Mr. Taylor, you had mentioned by example Keesler Air Force Base. Is this happening across the country? Have you been able to get any sense that MTFs around the country are really saying yes, there's space available, but pushing the retiree population out? Have you seen, and if so, can you cite some examples where it's happening? And if you know, can you tell me a little bit more about why that incentive is being driven by the corps?

Mr. HEFLEY. Steve, it's certainly happening in my area. Now, you're familiar with my area. It probably has as wide a variety of military installations as you'll find in the country. It's a little like Norfolk, except for the Army and the Air Force. You have a major Army base. We have the North American Air Defense Command

Headquarters. We have the space command there. We have the Air Force Academy there. At Fort Carson, I think I said, major Army training base. And our retirees, I think we have one of the biggest or second largest retired officers association chapters in the country, and they are continually concerned about this, because they are being pushed out. And as TRICARE comes in, the very fact that you're eligible for Medicare makes you ineligible for the military system.

So we don't have TRICARE—well, I guess this month it finally comes to our area—we haven't had TRICARE. They are doing it in stages around the country. But as it comes in, then you are ineligible for the military facilities if you are eligible for Medicare.

Mr. BUYER. I'm trying to get my grasp on this—and I think Dr. Joseph will be helpful to us—but based on the contracts that have been out there, in order for them to be efficient, they are based on CHAMPUS populations; true, Dr. Joseph? On numbers? They take the dollars and they split them up so that there's almost that incentive for the military medical community to move them out for the contract to be proficient, because dollars and budgets are already being divided? And "they," meaning the military medical community, have to be able to serve their own military active duty community based on budget decisions that are made much higher up. And it makes it much more difficult in their constraints when they also then have to serve a population who doesn't want to leave; yet contractually it's already in the system for them to move into that, to the TRICARE, on those contracts.

I mean, we're kind of caught here. I kind of view this as our responsibilities, our fulfilling our obligations to those who served the country, our retirees. And if in fact we've extended this obligation to them, how best are we going to be able to deliver that? I mean, I've got some real questions or concerns with TRICARE at the moment, but I think the Medicare subvention issue is pretty good. It's amazing how overlapping so many of these issues really are.

Mr. TAYLOR. Mr. Buyer, if I may. As you mentioned, TRICARE encourages the bases to push the retirees out on the private sector. Medicare subvention, on the other hand, would actually encourage the military facilities to take care of these people, because the amount it has been estimated that it will increase the military health care budget anywhere from \$3 to \$5 billion over the next few years.

That is a plus up in real terms. That means more doctors, more health care providers, more facilities can be either constructed or kept open. I see that as a good thing. It's a way of keeping our promise. It's a way of helping our military be ready for the next national emergency.

Mr. HEFLEY. Gene touches on, I think, a very important issue we don't often talk about in this whole thing. And that is that a young doctor coming out of medical school may go into the military and serve for awhile, but most doctors don't like to just treat young healthy people who might break an arm or a hand or something in military training; they like to treat a variety of patients. And so what we see is that we're having trouble. And you know, this committee—I used to serve on this particular committee and we were

struggling with, how do you retain these good health care providers?

One way you retain them is if you have a bigger variety of population for them to serve. And then if you retain them, as Gene has said, they are there when you need them for the national emergency.

So I think it is a kind of a double-barreled thing. It helps the retirees, but it also helps us in retaining good medical people for the time when we really need them.

Mr. BUYER. We've had several of those hearings here. We hear testimony from individuals who want to really severely slash the medical staff or the size of them on active duty and move them out. We went through all those debates when we had the Clinton health care plan, and what impact would that plan have on the military.

But you know, let me just pass one thing over by you. I'm going to struggle with this, because I'm not so certain what the answer is. If we're going to—if TRICARE out there is in place, and budgets and contracts have been negotiated based on certain numbers, then we come in with Medicare subvention, what kind of profit—are there now going to be excess profits now—I don't know some of these answers—with the TRICARE contracts? You know, we're moving people out of those negotiated contracts back into the military, and I don't know what that does to those contracts. I'll have to ask Dr. Joseph when he comes up.

Mr. HEFLEY. I'm not sure, either.

Mr. BUYER. That's a question. I mean, we're talking about lots of money out here in the system. I just wanted to share that with you.

I yield back.

Mr. DORNAN. Mr. Skelton, please? Oh, he's not here.

Mr. Thornberry.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. Taylor, I wanted to ask you if you've had a chance to look at the administration's demonstration proposal; and if you have, if you have any comments on it. I think Mr. Hefley made some suggestion on how it might be improved. Have you had a chance to look at it yet?

Mr. TAYLOR. Mr. Thornberry, I'm a purist on this issue. I think we should pass Medicare subvention as introduced by Mr. Hefley and cosponsored by 270 Members. I'm very familiar with article 1, section 8 of the Constitution that gives that responsibility to this Congress and not to the administration. We had our chance once. We're going to get a second chance; this time we ought to do it right.

Mr. THORNBERRY. Oh, I see. So you would just as soon not mess with the demonstration?

Mr. TAYLOR. I would just as soon have the Congress fulfill its constitutional obligations.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. DORNAN. All right. Mr. Spratt. Not here.

Ms. Harmon is not here.

Mr. Hastings. He's not here.

Mr. Longley.

OK. Mr. Chambliss.

Mr. CHAMBLISS. Thank you, Mr. Chairman. I know I didn't serve in the military, but I still feel a great deal of loyalty to these folks.

I want to first of all compliment the Chairman for having these hearings, too. This is something that all of us have heard so much about everytime we go back home and have a—just one of my normal townhall meetings in an area where I have retired military. Gee whiz, I'm bombarded with this and I've had several just purely retired military townhall meetings, because I have a tremendous population there; and I want to tell you gentleman, I appreciate the work that you all have done toward moving this forward.

Joel, you and Gene both have touched on this, and I think you're absolutely 100 percent on target with respect to the population that our medical doctors treat: We have an obligation certainly to the retired military, I think, that they should have the availability of military hospitals for their treatment. But those doctors that come in need to be treating diseases that older people have, in addition to ones that younger people have, or otherwise we're simply never going to be able to continue to compete with the private sector. It's so tough now to be able to do so, with them having a narrow population to treat. I think it makes it that much tougher.

Gene, you made the statement—I think I wrote it down right—that you want the health care promise “restored” was the word that you used. And being here just in my first term, and not being familiar with this issue until that first townhall meeting where they raised the issue and I said, “Gee, you guys are right.”

What is your understanding of what did exist at one time that we're going to restore? I mean, was health care available to those folks, free health care for all their lives?

Mr. TAYLOR. I'm going to try to be objective and nonpartisan about this. I came to this Congress in 1989, just about the time the Berlin wall came down. Some of my first meetings were here, and the then-Secretary of the Navy come before us and said, “Let's tie up the battle wagons.” And then Colin Powell said, “Let's reduce the size of the military.” Even Dick Cheney saying, “Let's reduce the size of the military.” So I've unfortunately been here for nothing but the drawdown.

With the drawdown, there were some successful efforts early on to protect the medical units. They kept them at about the same size, and therefore the military retirees were not affected. Later on, as the drawdown was throwing a lot of key, well-trained people out of uniform—our pilots, our submarine drivers, our ship captains, I mean, people we really needed—they could no longer spare the military personnel. And they started being reduced as well.

So under both Democratic and Republican administrations there has been a regression of these benefits, really being topped by what happened on July 1 of this year with the letter going out saying, “If you're over 65, you're on your own and Medicare eligible.”

What I would hope we could do by passing this is plus up the Department of Defense health care budget, by anywhere from \$3 to \$5 billion, depending on the way the CBO scores it. I think that would be a good thing for a number of reasons: It would get us back to what we tried to do early on during the drawdown. It would be there in event of a national emergency. Mr. Buyer touched on it, and I think some others have touched on it.

Under TRICARE, not every type of medical care is available because many specialists, especially in high-paying fields, will not participate under the prices that TRICARE will pay them. So whereas a military hospital can pretty well cover every disease, TRICARE is not covering a lot of very critical diseases, particularly for senior citizens. We're seeing that. I know we're seeing that in south Mississippi. I'm going to presume that is the case all over the Nation.

So it will do a lot of good things if we can enact this into law, not only as a demonstration project, but as a reality of fulfilling a promise that our Nation made.

Mr. CHAMBLISS. Did we start reneging on that promise during the drawdown, or did it happen before that?

Mr. TAYLOR. I would encourage you to take a look at something that actually happened in about 1958 or 1959. I think there was actually a vote in Congress, or a piece of legislation passed, that kind of reneged on that promise. I know my staff dug it up. It actually happened during the Eisenhower administration where they said that all those promises the recruiters made really don't count.

I would counter that by showing you this publication that the U.S. Army was giving to recruits as recently as 1991, and I'm going to quote it again: Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service.

You said you did not serve. I can tell you a heck of a lot of recruiters who are on quota to get "x" number of kids to boot camp, they've been making that promise for a long time. In this instance, it was written down. And I think our Nation has a moral obligation to fulfill that promise.

Mr. CHAMBLISS. I've seen some posters from the late 1930's that it was written down in also.

Joel, as I look at your bill, I see nothing but a win-win situation. And you know, that's the best deal for everybody, when everybody wins, and I just commend you for it. I think the subvention idea is a great idea: It's good for the military, it's good for the retirees, and I just commend you on the drafting of that bill. And I'm proud to be a cosponsor of it.

Mr. HEFLEY. Thank you, and thank you for your cosponsorship. I think, as has been mentioned by some of the committee members, this is something that is absolutely bipartisan. This is not a Democrat-Republican thing. I think, as illustrated by the eloquent statement of the ranking member, Mr. Pickett, and by tremendous work that Gene Taylor has done on it, it's absolutely bipartisan.

And second, I think every single retiree group is behind this effort. In fact, I have not found anyone we've talked to—and for the last 2½ years or so we have talked to everybody about this—I haven't found anyone to say, "That's really a bad idea."

The only people that have thrown up a roadblock at all in it have been the Congressional Budget Office in the scoring kind of thing. But we should have a score by tomorrow on this particular piece of legislation, and we hope that will be a good score. But we think it is a win-win.

Mr. CHAMBLISS. I yield back any additional time, Mr. Chairman.
Mr. DORNAN. Mr. Peterson, then Mr. Longley.

Mr. PETERSON. Thank you, Mr. Chairman, and I do appreciate these hearings. I think this is a very important subject that all of us have been watching very closely. I personally am affected on this in that, in a couple of years I'll be on Medicare—sooner than I want to be, actually. And at that time then I go from CHAMPUS, which I am now on, into this program. So this is more than just an idle interest on my part.

On the other hand, I see that this is much more complicated than I thought it was when I first looked at it. And so these hearings are going to help us look at this, I hope, from a very professional point of view. And maybe we'll be able to sort out where we are on this whole agenda.

One of the things, Joel, you said that I really—my ears popped when you said it—and that was that you are afraid that if we did a pilot program that it wouldn't be a true test, that we really wouldn't get data out of that that could be useful in determining whether or not CBO numbers were going to be accurate or not. Is that something you've really come up with as a factual standpoint, or is that just an assumption or concern you have?

Mr. HEFLEY. That is just a concern I have about the administration's program that they came up with their agreement. We would hope that they would work with us to—and with the legislation—that we could make some changes, relatively minor changes.

For instance, they would limit the scope of it maybe just to one area of the country, maybe just to the big treatment centers. And I'm not sure that gives us the broader scope that we need to really get the information we need. So I would hope we would change that part of their plan.

Mr. PETERSON. Well, if we do—obviously, if we do a pilot program, which is the alternative, which I think you've relegated to the point of view that we probably will have to do that, it seems that we have to ensure that that is a legitimate program, and that it then would have to be done in an area where TRICARE is already operating. Because as I see TRICARE Prime—or whatever they call it, isn't it, Gene, I think—going to eat up any space A that's out there. And so you're not going to be able to use that for all practical purposes. I think that's going to erode any space available that you have, because those people are going to get priority, and then you're going to send everybody else down the road.

I've wondered if we've ever looked at the possibility of allowing these people to go into the TRICARE and allow Medicare to pay their premiums, and to essentially pay up front for their participation into the system as opposed to paying as they participate.

Now, I don't know what that does, but that would take away who is going to participate and who isn't, and those people who would then enroll in TRICARE, they would walk in just like anyone else and be a paying customer for all practical purposes. Has anyone ever looked at that? You have, Doctor, and you're going to make testimony about that?

Dr. JOSEPH. Yes, sir.

Mr. PETERSON. OK. And so that obviously doesn't work, has major money problems, I suspect.

The other concern I have here in a general sense, and this is, I think, very important, and we have to look at this from where

we're going in the future, and that is our military medical is a medical service designed for combat operations; that is its original and most important duty. Yet, more and more, since the cold war, we're leaning more and more toward a domestic use of that facility. And I think somehow in this debate, we need to look at that aspect of it, whether or not we can do both to the degrees that we want to actually perform those medical processes.

And the final one in your bill, Joel, and as you've looked at it, Gene, how have we—if we do the subvention, where do the moneys go? Do the services get those moneys, and they can turn it into more specialists, and actually do bricks and mortar if they want to, or does that money just come into the Treasury, and then it just—we have no control?

Mr. HEFLEY. No, the idea is that Medicare would actually reimburse—at the level of 93 percent, would reimburse the military for the services for the people they treat that are Medicare eligible.

Mr. PETERSON. But I mean, that money would go directly to the services?

Mr. HEFLEY. My understanding, yes.

Mr. PETERSON. And the services then without an appropriation would be able to use that money to improve their services, or to build a facility?

Mr. HEFLEY. Mechanically—I might refer to Ms. Hoffmeier—mechanically, I'm not sure exactly how to answer that question, Pete. But—

Mr. TAYLOR. If I could, Mr. Peterson?

Mr. PETERSON. Sure.

Mr. TAYLOR. I think this is one of those just commonsense type things. Right now, each base hospital, to my understanding, is given a flat budget to perform their duties for a year. It can hire so many doctors, so many nurses, do so much work.

When they take care of a military retiree, it comes out of their budget. Whether it's 1 retiree, or a 100 retirees, it still comes out of that flat line.

I think the beauty of the reimbursement plan is by plusing up in effect the DOD's health care budget by allowing HCFA to reimburse the DOD for health care, you are, No. 1, compensating them for health care that they are not being compensated now. I would think that would free them up to do other good things. Right now, that care isn't really being compensated. It comes out of a flat line military health care budget for the people over 65.

So I see this as a \$3 to \$5 billion plus up for the military health care budget any way you look at it.

And speaking in historical terms, you know, in 1964 or so, the only people in this country who got free health care were the military retirees. Now our Nation spends about \$250 billion a year on health care for other people, many of whom never served in the military. I think we ought to keep our promise to the retirees. If we can find approximately \$250 billion to take care of, in many instances, legal immigrants—in some instances, illegal immigrants—I think we ought to take care of the people who served our country for 20 years. It's pretty simple.

Mr. PETERSON. OK, I appreciate your testimony. It's very helpful, and I look forward to the follow-on panels, Mr. Chairman. Thank you.

Mr. DORNAN. Thank you, Mr. Peterson.

Mr. LEWIS. No questions?

Well, finally, to the Colonel, U.S. Marine Corps on deck, Jim Longley.

Mr. LONGLEY. Thank you, Mr. Chairman. I appreciate your courtesy in allowing me to sit in on this hearing. I took special note of Representative Taylor mentioning the fall of the Berlin Wall. It seems that it was probably easier to take down the Berlin Wall than it's been to get some of our common health care systems to talk to each other.

The last point, particularly, though, on the issue of Medicare, and the fact that effectively what we've done is undone the promise that was made to military retirees, and at the same time, we've extended that promise to everyone else. And clearly the obligation that we have ought to be prioritized from the standpoint of the Defense Department on those who have performed the service that they were asked to perform, and they ought to receive the benefits that they thought they were entitled to receive.

But I think the larger issue here is not just in the connection of Medicare and the Defense Department, but just the broader maze of health care plans that appear to be out there, particularly involving—some involving the Veterans Administration, and other civilian plans, in finding a way to create more of a seamlessness, so that we're providing the care as a first priority and not attempting to sort through the plans, which now, I know in the case of the VA, it appears we almost spend more time determining who is eligible than we would if we just provided the care in the first place in certain circumstances.

So I applaud the hearings, and I applaud the testimony, and look forward to learning more about the subject.

Mr. DORNAN. Last and final statement, Mr. Hefley.

Mr. HEFLEY. The theme of this Congress with the Contract With America and all of that, which was—most of those items were very bipartisan, but the theme of that was promises made, promises kept, and I don't think there's any place where that the theme has more significance that it does right here with this. I think Mr. Taylor has expressed that very well. We made these promises. Now, this is a way for us to keep those promises.

Thank you very much, Mr. Chairman, and subcommittee.

Mr. DORNAN. Thank you, Mr. Taylor. Thanks Mr. Hefley. That concludes our first panel.

On the second panel, it gives me great pleasure to introduce Assistant Secretary of Defense for Health Affairs, the Honorable Dr. Stephen Joseph. He will discuss details of the recently signed administration plan to test Medicare subvention in two TRICARE regions, region 11, and region 6.

I would also like to introduce Ms. Sharon Arnold. She is director of the Division of Medicare Part A Analysis at the Health Care Financing Administration, known as HCFA. She will be available to answer HCFA Medicare specific questions on the demonstration

plan along with Dr. Joseph following completion of his formal statement.

Welcome again, Dr. Joseph. It's always an honor to have you here, sir. Please begin.

STATEMENTS OF A PANEL CONSISTING OF STEPHEN JOSEPH, M.D., M.P.H., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS; ACCOMPANIED BY SHARON ARNOLD, DIRECTOR, DIVISION OF MEDICARE PART A ANALYSIS, OFFICE OF LEGISLATIVE AND INTER-GOVERNMENTAL AFFAIRS, HEALTH CARE FINANCING ADMINISTRATION

Dr. JOSEPH. Thank you very much, Mr. Chairman, members of the Committee.

It is a greater pleasure than usual even to be here today discussing this subject. The subvention demonstration embodies a concept that President Clinton strongly supports. In his round table discussions with veterans and military retiree representatives, each session has included a strong plea by beneficiaries that the health care benefits of older veterans and military retirees not be forgotten, but they be allowed to continue using the system, the hospitals, and the physicians, that they have come to trust, and that their entitlements to Medicare be available for use in the Military Health Services System.

Medicare subvention is an idea that has been in discussion for well over a decade. It has not been an easy to implement idea, and will require the enactment of legislation. For the past 2 years, members of the military medical departments and my health affairs staff have incrementally and painstakingly built the conceptual design that has led to the agreement that has just been signed. In building that demonstration design, we sought and gained strong support from the Secretary and Deputy Secretary of Defense, Chairman of the Joint Chiefs of Staff, as well as other senior leaders within the Department. This is, I hope, a moment of realization for all who have worked with such dedication to achieve this agreement with the Department of Health and Human Services.

And Mr. Chairman, while I must thank you for your generous remarks about my own role at the beginning of the hearing, the real work, of course, as always, was done by the people who do the real work behind the people who sit at the witness table, and it's the staff in the Department of Defense who did this work.

As you well know, Medicare subvention is not solely an administration commitment. This issue has reached the offices of many Members of Congress. There have been bills sponsored in the Senate and here in the House last year and this year with over 200 members cosponsoring the bills introduced by Mr. Hefley of this committee. And I'd like to offer him a special commendation for his work on behalf of our beneficiaries.

This is a measure that has the backing from Members on both sides of the aisle, on both sides of the Capitol. It's a measure that responds to the concerns of tens of thousands of our older military retirees, of millions of our military retirees, one should say, who have served this Nation well.

This widespread support recognizes the fact that military Medicare eligible people are living across this Nation in every State, and they take an active role in voicing their concern that commitments made must be kept. It also recognizes the determined advocacy and the tireless efforts of the Military Coalition, and the National Military and Veterans Alliance. These representatives of military beneficiaries have sought Medicare subvention for many years, so this demonstration should be a welcome one, and a proposal that they should feel proud to have played a major part in achieving.

Mr. Chairman, you have heard me say many times that military medicine has a mission to provide health care wherever and whenever the troops need it. That mission has two interlinked responsibilities. To operationally deploy with the troops in order to provide that care, and to operate a vibrant health care delivery system to ensure our medical personnel are trained and ready to deploy.

In meeting the requirements of that second responsibility, the Military Health Services System must have a large and varied patient population, going along with Mr. Hefley's remarks of a few moments ago. For that reason, the Congress years ago authorized the MHSS to provide care to the families of our active duty personnel, and then to our retirees, and their families. This care, however, is on a space available basis so that nothing interferes with care for the active duty force. I'd be happy in the question period to respond to any earlier comments by Mr. Peterson.

In the last 30 to 40 years, much has changed. The Armed Forces have grown smaller, the military infrastructure has shrunk, the budget grows tighter, and the national security strategy has dramatically changed. In each of these evolutions, the MHSS has participated. We have fewer health care facilities, fewer medical personnel, more and more intense missions to support, and we must find ways to be more accountable to the American public for the dollars we spend.

In keeping with these changes, and with definitive guidance from this committee, military medicine began its shift to managed health care delivery. By next year, we will have fully implemented TRICARE across the Nation, and in our overseas commands. This involves our beneficiaries making a choice for how they will receive their health care, and many are choosing our health maintenance organization option, TRICARE Prime. That, after all, is the purpose of the shift to managed care. The reasons are many, but among them are the improved access to high quality care and the assurance that they can receive care in military medical facilities.

Unfortunately, the one group of our beneficiaries not fully participating in this success is the growing number of our Medicare eligible beneficiaries. These men and women have served their country and they have paid faithfully into the Medicare trust fund. They are covered by Medicare today if they choose to seek care from physicians outside the Military Health Services System, and they are able to seek care in military medical facilities on that famous phrase, "space available basis." But that space availability is at risk as more beneficiaries sign up for TRICARE Prime. The prime enrollees are filling the appointment schedules of our military providers. And that, after all, is another of our objectives, to put care on a managed basis, to realize the fiscal and other effi-

ciencies and quality efficiencies that managed care brings, but that does mean as Mr. Taylor said that space-available care is diminishing in some cases to the vanishing point.

Medicare subvention, or the reimbursement from Medicare for care in the Military Health Services System provides to military Medicare eligible personnel, would allow our Medicare eligible beneficiaries to enroll in the TRICARE Prime. Rather than splitting their health care needs between providers outside the MHSS and the space-available military facilities, those beneficiaries would then be able to access the military medical treatment facilities in the same way as our other enrolled retirees. It is the ability to receive care from the military system that these beneficiaries want and deserve.

As the individual responsible for the military health care delivery system, I want them to have access to the system. The surgeons general want to care for them, and the military senior leadership want them to be able to come to military treatment facilities. Many ask why, why not just have these beneficiaries go downtown using their Medicare eligibility? Our response is threefold. First, because we want to honor the commitments made to them. Second, because they are our patients, and it is the military system where they are most comfortable, especially when they are in need of health care. And third, because we need them for the variety of health problems they present, which contribute to our medical readiness training.

After significant negotiation and examination of how the Medicare system works, and how our system would satisfy the Medicare risk HMO requirements, we have worked out an arrangement that will allow a demonstration of the Medicare subvention concept. The proposal will cover San Antonio, plus three other sites in our TRICARE region 6, and the Madigan-Bremerton area in TRICARE region 11, the Pacific Northwest. We will also identify three other sites in region 6 to serve as comparison sites. The demonstration will last 3 years, and both agencies have the option of extending it for 18 months for enrolled beneficiaries. We plan to begin the demonstration 60 days following enactment of legislation, or on January 1, 1997, whichever is later. Either agency may withdraw from the demonstration with 12 months written notice.

People eligible for participation in the demonstration will include those who are eligible both for care from DOD and through Medicare's program, enroll in TRICARE Prime, are covered by Medicare Part B, agree to receive covered services only through TRICARE, and are residents of the geographic areas covered by the demonstration, and where enrollment in the demonstration is offered. Also, they need to be, as dual eligibles; they need to have used the military treatment facility before July 1, 1996, or have become dual eligible starting after June 30 of that year. The services covered under this demonstration include the standard Medicare benefit in addition to specific TRICARE Prime benefits.

One of the major considerations in developing this arrangement is the agreement that DOD will continue to maintain its level of effort in providing care for the dual-eligible population in order to avoid shifting those costs onto the Medicare trust funds. This commitment to continuing our current level of effort has generated a series of very detailed conditions, reimbursement criteria, and eval-

uations by both agencies. DOD will meet, or be deemed to meet, the applicable and agreed-upon requirements similar to a Medicare risk HMO.

With respect to reimbursement, it is based on capitation, the same as for Medicare health maintenance organizations. The reimbursement rate would be set at a level at least two percentage points less than for Medicare HMO's, and with annual rate adjustments to avoid double payment for MHSS costs that are funded by appropriations to DOD.

We are in the process of drafting enabling legislation for executive branch clearance for this demonstration, and look forward to working with a bipartisan coalition of members to quickly enact legislation this year. We hope to have a legislative package up here by the end of this week. I admit to my anxiety; we feel so close right now, and it would, in my view, be very important to try to push this over before the session ends. People go away, things change, who knows what other circumstances pertain with the next shot we would have.

The cornerstone of this historic agreement is that there be mutual benefit for our dual-eligible beneficiaries, for the Medicare trust fund, for DOD, and for the American taxpayer. This agreement is designed such that it will not increase the total cost of Medicare. In partnership with the Department of Health and Human Services, our goal is to implement a cost-effective alternative for delivering accessible and quality care to dual-eligible beneficiaries.

In closing, Mr. Chairman, I want to recognize the powerful support from you and your committee. Without your very essential bipartisan drive, and the support of many other Members in both Houses, and on both sides of the aisle, we would not be at this threshold of implementation. We will need more than ever your support as we move to have enabling legislation enacted.

I'd be happy to respond to any comments or questions, either those asked previously, or ones that you have of me, and if I'm not able to answer your questions, I will ask my staff and the HCFA staff who are here to assist me.

Thank you.

Mr. DORNAN. Thank you, Dr. Joseph.

If Mr. Pickett would begin the questioning, and if Ms. Arnold would please join Dr. Joseph.

Mr. PICKETT. Thank you, Mr. Chairman.

Dr. Joseph, when you speak of the Medicare benefit, you're speaking of both Medicare Part A and Medicare Part B?

Dr. JOSEPH. Yes.

Mr. PICKETT. Can you tell us what impact—let's assume for the moment that this program gets implemented, how will it impact on the medical care available to those retired military members who do not happen to live within a reasonable distance of a military treatment facility?

Dr. JOSEPH. Well, first, let me narrow the frame of your question. You're speaking of dual eligibles who live in a demonstration area, but who live some distance from that facility, is that the thrust of your question, Mr. Pickett?

Mr. PICKETT. Yes.

Dr. JOSEPH. Because I want to stress—I'll come directly to your question, but I want to stress what we're talking about here. We are talking about, we think, a substantive and important demonstration of a concept of subvention; but I think it needs to be kept in everyone's mind, going back to Mr. Taylor's comments, that we are not talking about a change in entitlement, or reimbursement for the vast majority of the dual eligibles. This demonstration concept is quite modest in size, and so for most of the dual eligibles whose predicament I and many others have described and which you know well, life would not change during this demonstration period.

In order to test the concept, we have had to marry two requirements, requirement on our side to show as we believe that this can work, and the requirement on HCFA's side not to put in any further jeopardy the Medicare trust fund. And so the demonstration proposed here is quite modest in size and scope.

As was discussed in the former panel, and as I said with more specificity in my testimony, the actual demonstration would take place in a limited number of facilities, in a limited number of areas. And we would choose those areas so that they gave us a reasonably representative, and yet quite controlled from the scientific point of view, population of dual eligibles.

In contrast, in response to something Mr. Hefley said, we would not restrict the demonstration only to large medical centers. We anticipate that in the other three sites that would participate in region 6, there would probably be at least one community hospital. But the vast majority of our dual-eligible beneficiaries, especially those living at some distance from either the major medical centers, or the community hospitals involved in this actual modest demonstration, would not be affected at all. Their access to care and our reimbursement for their care would not be affected at all. I'm sorry for the length of that answer, but it's—

Mr. PICKETT. Can you tell us briefly the criteria that the Department used to select the sites for the demonstration process?

Dr. JOSEPH. Well, we haven't finally selected all the sites. The two areas on which we have settled, and on which we've come to agreement with HCFA in designing the demonstration, are the region in Washington State that includes Madigan Hospital, a large-sized Army teaching hospital, and Bremerton Hospital, a Naval hospital, more of a community hospital size, and the two very large Air Force and Army hospitals, and the many military clinics in the San Antonio area.

And then we have said there will be three other facilities selected in region 6, which is Texas and Oklahoma, and parts of Arkansas and Louisiana, and we have yet to decide upon which facilities in those areas will be selected. That again would be a matter of working with HCFA to try and get a representative and yet an attractive, from a scientific point of view, option. We have felt that it's important that all those sites be within an area where we already have a TRICARE program up and operating for obvious reasons.

Mr. PICKETT. That's the point I want to get on the record. Thank you.

Mr. DORNAN. Dr. Joseph, may I interrupt for just a second. I have bad news for the third panel on time here, and also for your—

self. We've got about 5 minutes to vote. But unfortunately, this is followed by a 15-minute vote, and then that is followed by three 5-minute votes with a couple of minutes in between, so that's about 22 minutes, plus 5—we're looking at close to 40 minutes here.

I'm going to turn the gavel over to my Republican vice-chair. He's going to give up the first vote to ask you questions. I lost Mr. Peterson. I wonder if Mr. Thornberry or Mr. Pickett had any questions to submit for the written record—I do not that come from my staff—and that way, you and Ms. Arnold could go after Mr. Buyer is through with his line of questioning. And then I would suggest you go down to the snack bar, panel three, grab something to eat during this 40-minute break.

Any questions that you want to submit for the record, Mr. Thornberry?

Mr. THORNBERRY. Mr. Chairman, I do have questions, obviously.

Mr. DORNAN. OK, great.

And you'll have some questions. The Chair will have some questions. I turn the gavel over to Mr. Buyer, and then remember that there's four votes following this one, so you've got about 12 good minutes.

Mr. BUYER [presiding]. I'll try and be as brief as possible. Several things are on my mind, and that is as we move into the Medicare subvention, its impact upon the TRICARE contracts—

Dr. JOSEPH. Yes; I was listening to your questions in the previous panel.

Mr. BUYER. Have you talked about that? Can you share—enlighten me on that?

Dr. JOSEPH. Sure.

Mr. BUYER. I mean, there must be some escape clauses in these contracts, or what?

Dr. JOSEPH. Remember, Mr. Buyer, that the TRICARE contracts are designed to provide via a private contractor on a capitated basis, services, health care, to active duty dependents, and CHAMPUS eligible retirees.

The current contracts are not designed or funded to—for the contractor to provide care for the Medicare eligible retiree. I mean, that's part of the basic problem, that there is no funding stream that supports them. With Medicare subvention, this would allow the Medicare—

Mr. BUYER. Wait, for this to sink in, these contracts in TRICARE do not include that population?

Dr. JOSEPH. No. Nothing in our funding stream includes care for that population. That's the space available concept within the MTFs.

Mr. BUYER. All right.

Dr. JOSEPH. The whole concept of Medicare subvention is to allow the over 65 or the dual eligible beneficiary to have the same access, the same benefits, the same stream of care, and the same financing mechanism for care that the under 65 retirees, or for that matter, the active duty dependents would have.

And so, if you were an over 65 retiree enrolled in this demonstration, or on the day we finally get full scale Medicare subvention, eligible for care under that, and you elected to enroll in TRICARE Prime, and you were going to get your care from that managed care

support contract, you would get it exactly the same way as you would get it whether you were a CHAMPUS eligible retiree, or an active duty family. And that care would be underwritten and financed by the subvention mechanism.

Mr. BUYER. You were here when you heard testimony; Mr. Hefley had some criticisms with regard to the agreement. I'd like to give you an opportunity to comment on those where he said that it falls short of a good test and needs more regions in MTF for a good test. I'm paraphrasing, but those were my notes about his testimony.

Dr. JOSEPH. I took down his three comments, and let me comment on this one. We don't believe that it falls short of a good test. As I said in my testimony, this agreement is an amalgam of the interests of both the DOD and HCFA. If we were designing this subvention demonstration by ourselves without regard to the protection of HCFA's interests of the Medicare trust fund, we would probably have designed a somewhat different demonstration; almost certainly would have been larger, et cetera.

If HCFA themselves were designing this concept, designing this demonstration without regard for our needs, it would certainly have been a very different kind of demonstration. What we have is in essence a compromise that seeks to protect both interests. And, therefore, the demonstration is smaller than it might otherwise have been, and there are other things that we could talk about in terms of the specifics. But we would not have gone ahead and come to the conclusion of that agreement had we not felt, A, it would offer real benefit to people coming into the demonstration; and B, it would prove our case. I mean, after all, this for us is really only a means to an end. The demonstration for us is only a first step in making the case to what Mr. Taylor was talking about.

So we feel that the size, and the characteristics I read off to you there, and you have in the agreement the requirements for enrollment, et cetera, the size and the characteristics, the oversight mechanism, the fiscal review, all will give us very powerful argument for what we hope will be the success of the demonstration.

Mr. BUYER. I've been here now four years, and I recall the demonstration projects with TRICARE, and then boom, we moved into it so fast—I don't know if it's fast—but it overtook the system pretty quick.

Dr. JOSEPH. Depends on your perspective.

Mr. BUYER. It seemed like it overtook the system pretty fast. Are you familiar with the comments of General LaNoue that he's made about TRICARE?

Dr. JOSEPH. I'm familiar with many of his comments including the last article in the Times, sure.

Mr. BUYER. One came out, called it a 6-year setback for us—I guess meaning the Army—a flawed system that was imposed upon the Army. I've read this entire article, and he's pretty harsh. I was familiar with the gateway for care, and I understand the need about keeping those commanders, not only the responsibility of the installation commanders, but the responsibility of the hospital commanders as sort of that gateway, the ombudsmen, and how they keep greater control. I guess the only reason he's really caught my attention, not only of my respect for Dr. LaNoue, but also his 38

years in the system, and the credibility of his statement, because he's retiring. I knew the constraints upon generals. If you want to really get to how they really feel in their heart, it's usually 30 days before their retirement, or after they are already retired and they are testifying in here in a suit. And it got my ears, and I wanted to make sure that you had also heard them, and they have your attention. There must be some pretty strong concerns out there, because if they are his, he's probably also speaking on behalf of a lot of doctors out there.

Dr. JOSEPH. Would you like me to comment on that?

Mr. BUYER. Sure. Please. I'm curious.

Dr. JOSEPH. I know General LaNoue very well, I think, and he's a valued colleague, and he is a friend. I read those comments very carefully. I also have had the opportunity over the last almost 3 years now to go away four times a year for 2 days with Sid LaNoue and the other Surgeons General, and work through many of these issues in a strategic planning process that has borne real fruit; and I believe I know a lot about how General LaNoue feels about the evolution in the MHSS. I believe it's—I characterize it as—it's always hazardous to put words in someone else's mouth, but I think I characterize it as a mixture, as a kind of ambivalent mixture, of regret over the folding of what was an Army initiative called Gateway, into a new tri-service initiative, much of which was built on that Gateway initiative. An ambivalence of regret about that, and also pride about that. And so that's one.

Two, is that I think Sid, General LaNoue, in those comments that were in the Times, was mixing, or mixing up, two things. One was the evolution of the issues in the MHSS, and the other was his concerns, which many people share, which I myself share to some extent, about developments in managed care per se, or in the HMO movement per se.

If you look in the general press, you will see a lot written in the last 6 months about concerns about quality, concerns about putting patient access and quality second to either profits or efficiencies within the system. That's in the dialogue, and I think many of the things, if you look carefully at the article in the Times, that Sid was talking about really related more to that than it did to TRICARE per se as an example of a managed care system.

Mr. BUYER. He brought them together because they are——

Dr. JOSEPH. He did bring them together. And it is true, and I've said this before the Committee, and you yourself on a couple of occasions, just as fee for service medicine encourages over-utilization if you're not vigilant, managed care encourages under-utilization if you're not vigilant. And much of my response to that part of Sid's—of General LaNoue's criticism would be, yes, and the whole point is, we need to build this TRICARE managed care system so that it makes sure that we don't put the patient second, and, you know, squeeze down on either quality or accessibility in the name of fiscal efficiency.

That's how I would kind of round out his remarks. I guess I would also say, you and I both know that when you give a long interview to a reporter, both the sequence and the connections of what turns up in the newspaper is not always exactly the way that

you described the situation. I think there's some of that in that article, as well.

Mr. BUYER. I will share with you, when I was back at home, and watching "60 Minutes", a smile came upon my face as I saw you on "60 Minutes", being displayed horribly on "60 Minutes", on how they handled that. They did that because that's the way "60 Minutes" wanted to play it. The smile came upon my face because I know how much you love to come up here and testify before us.

Dr. JOSEPH. Actually, I do enjoy it.

Mr. BUYER. It's now been replaced—dealing with the national news media and "60 Minutes" must be not a fun event.

I've got several things I wanted to cover with you. While we're still on that same subject, I supported you when it came time for those issues of preventing the downsizing of the military medical community in the face of that we had about 20 months ago. I think the reason that General LaNoue kind of took those and blended them together is because we are facing some very important things, challenges coming up, with the shortfall that some estimate of the Bottom Up Review now around \$100 billion.

We as a country need to be honest and up front with our allies with regard to our national security strategy. It's the open secret here in Washington, we don't have now the four structures to fight and win nearly two simultaneous major regional conflicts. So if we come up with a new national security strategy that comes down to being able to fight and win one, what impact does that have on the health care system. It's very real.

So I think those challenges he's facing, and blending it together in the face of the integrations of health care, that's happening out there. I can see why he did that. I just wanted to share that with you. But I appreciate your comments on that.

Two other issues I have to bring up with you, just to let you know, I spoke last week at the American Legion National Convention, and Ross Perot spoke just after me. I shared with Ross your comments at the last committee hearing that we had with regard to how you felt about the medical research that he funded at Duke University. Ross said, "Who is he?"

So I shared with him who you are and what your responsibilities were. You're familiar with the research that he's doing down there in Texas, and I told Mr. Perot that we'll provide a forum for him up here on Capitol Hill to be able to discuss and share that information.

I also will be going through a lot of the transcripts over the last 4 years. I am very disappointed, I remember a lot of testimony before a lot of different hearings, sharing with Members of Congress, coming out of the mouths of the Department of Defense, and whether it was our own generals, I don't recall, that there were no chemical weapons in the theater of operations. That was a pretty hard line. Somebody was misled in those comments. And we'll pour back through that testimony to find out what happened there. I wanted to share that with you.

Dr. JOSEPH. If I may comment on that—

Mr. BUYER. One last thing, and I will—you know me well enough by now, I don't permit the issue of the chemical weapons that loves to get all the headlines, you know, that's what gets all the splash

and the glitz and the glimmer, and I'm looking more into the other common denominators of the whole gulf war illness issues, but I wanted to share that with you. I'm really bothered by that.

Go ahead.

Dr. JOSEPH. You can imagine, Mr. Buyer, that over the last couple of weeks, I also have both thought about and looked back at a wide variety of both testimony and internal memos, and other things; and the statements that many people in the Department, myself included on many occasions, in front of you on a number of occasions, have made that said no persuasive evidence—or earlier we used to say, no “credible evidence” until a desert veteran in the Congress told me that the use of that word “credible” was insulting, and I thought he was right; so I kind of changed my rhetoric always to no persuasive evidence. And others use similar terms.

I'm sure we will thresh out over the next weeks and months the basis of those statements by a whole variety of people. I will tell you here, and in any other forum, that I am convinced that all of us who made those statements—all of us who made those statements—made them in good faith on the basis of the best knowledge that we had at the time. And I know I have always said in this forum and to you and others privately that when the facts change and when you get new information, then you change what you say. And I wouldn't be sitting here in front of you any longer if I didn't believe that the statements that the Department—the various Department officials made and continue to make are on the basis of their best understanding and their best knowledge of the facts at a particular moment.

Mr. BUYER. Well, Dr. Joseph, I've found you over the last years to be a very honorable man. You were definitely not served well by someone, and I don't know who misled you, but as a high ranking official in the U.S. Government, I would be upset if I were you, because you were out there making emphatic statements when in fact somebody knew that they weren't true, and someone in uniform didn't tell you. I'm bothered by that. I'm just being as kind as I can be, I guess, and tactful when I say that.

One other thing I wanted to touch with you—

Well, I'm going to conclude it. I want a chance to talk with you. I'm going to do some follow-up with you. I'm going to get a chance to talk to General LaNoue, and then I want a chance to talk with you—

Dr. JOSEPH. Well, I urge you to talk with General LaNoue about it, and I would be happy to talk with you about this or any of the other matters we've discussed privately or in any forum, Mr. Buyer. It's always a pleasure.

Mr. BUYER. All right. That would be very good. Thank you very much.

We're in recess until after the votes.

[Recess.]

Mr. DORNAN [presiding]. The Subcommittee comes back to order from its voting break. No more votes tonight so there will be no interruptions.

Now, I'd like to introduce the witnesses for our final panel, third and final panel, representing very distinguished military associations and organizations.

From the military coalition, I welcome two cochairs of the Health Care Committee, Navy Reserve Lt. Virginia Torsch, and from the Retired Officers Association, Retired Navy Commander, and former exceptional Navy Congressional Liaison—we miss you around here—Mr. Michael Lord. And then from the Commissioned Officers Association—oh, you're representing the Commissioned Officers Association of the U.S. Public Health Service?

Commander LORD. That's correct, Mr. Chairman.

Mr. DORNAN. And from the National Military/Veterans Alliance, I welcome Retired Army Col. Charles C. Partridge, back again, representing the National Association of Uniformed Services, NAUS; and Retired Air Force Chief Master Sergeant, James Lokovic from the Air Force Sergeants Association.

Chief Master Sergeant, would you please begin.

STATEMENT OF CHIEF M. SGT. JAMES E. LOKOVIC, U.S. AIR FORCE (RET.), DIRECTOR, MILITARY AND GOVERNMENT RELATIONS, AIR FORCE SERGEANTS ASSOCIATION

Chief Master Sergeant LOKOVIC. I will, Mr. Chairman, thank you.

Thank you for the introduction. We thank you for this opportunity to speak before the committee and your continued leadership on behalf of military members.

I'm speaking today for the active and retired men and women of all uniformed services, one of four speakers. If you'll permit a cooperative effort of both the coalition and the alliance, to save time we have collaborated to avoid redundancy. We could move through this fairly fast. If you will permit, sir, all four of us will go one after another, and then answer questions, and we can feed one into the other.

Mr. DORNAN. Good. Please do that.

Chief Master Sergeant LOKOVIC. Following my observations quickly about the health care promise and health care in general, Retired Navy Cmdr. Mike Lord will make some comments and briefly discuss trends for access to care in military treatment facilities, then Naval Reserve Lt. Cmdr. Virginia Torsch of TROA will take a look at proposed Medicare subvention legislation, including those calling for a demonstration project, and finally, Retired Army Col. Chuck Partridge, as you introduced a little bit earlier, will talk about some of the provisions that we would like to see incorporated into a demonstration project.

Mr. Chairman, many of the over 65 retirees are closely watching this hearing. We hear from them everyday. The first point to be made on their behalf is that military health care is one of the major enticements that they looked at when they made the decision to make the military a career. The retirement package was earned through faithful sustained service, as you've said before, throughout a career, and specifically at each career decision point, the military retirement package is normally briefed as having five parts.

First, it's an inflation protected portion of your military base pay, depending on the number of years you've served. Second and third, are full use of commissaries, and base and post exchanges, so very important particularly to lower paid enlisted members and retirees. Next is the use of base facilities such as libraries and welfare and

recreation facilities. Fifth and foremost, and the reason that we're here this afternoon, is the promise of lifetime health care within the Military Health Services System.

The elements of an earned retirement were not conditionally offered, nor do those serving get to choose which portions of their contract they will fulfill. In fact, this contract preceded the contractual constraints we've heard about this afternoon that DOD has to operate within.

Consider the following excerpts in addition to those that you heard a little earlier from Mr. Taylor. The Marines passed on to their people: Benefits: These are only a few of the great extras you'll find when you join the Marine Corps. And the nice part is should you decide to make a career of the Corps, the benefits don't stop when you retire. In addition to medical and commissary privileges, you'll receive excellent retirement pay.

The Air Force in a 1986 document that I used as a unit career adviser: "One very important point, you never lose your eligibility for treatment in military hospitals and clinics."

The U.S. Coast Guard: "Retirement pay means more than pay to you. You continue to receive free medical and dental treatment for yourself, plus medical care for dependents. You also remain welcome at military commissaries, clubs, and exchanges."

And the Navy—you heard earlier from the Army—in the Navy, the documents used to entice people into staying and making it a career: "Just think, when you retire or go into fleet reserve, you retain almost all the benefits you enjoyed while on active duty, including hospitalization for you and your dependents for life."

It's incontestable, Mr. Chairman, that one major enticement for a military career for many, many, many years, has been the promise of free lifetime medical care.

The second point we want to make very quickly is that military retirees are very upset about the transition away from this promise. We hear from them everyday. They say that they did their part, and now they are upset that the government has changed the rules. We've attached to our printed statements which I passed earlier on, and you have, just a few sample copies of letters that we've received on these issues, and 30 or 40 some other military associations represented by the alliance and the coalition, can provide you as many similar letters as you'd like.

Finally, I conclude my comments, Mr. Chairman, with the observation that our over 64-year-old retirees are currently forced out of the military health care system, thus making Medicare subvention even more important along with other things that can fill the gaps that Medicare subvention will not provide. We must remember that these over 64 veterans are those who served in Vietnam, Korea, and during World War II. Space available opportunities for them have become the exception to the rule, nor are they allowed through CHAMPUS or TRICARE to receive their health care. Their care in fact is the lowest priority at medical treatment facilities. Their care is routinely denied; and I can tell you Mr. Chairman, again, a lot of these GI's and the retirees are very bitter about this.

One way to help protect some of these veterans who were promised military health care for life, not just until they reach age 65,

is through Medicare subvention, which we will further develop in the next few minutes.

I would like to close with a quote from a letter from the chairman of the House National Security Committee, Floyd Spence, to the President of the United States.

He said, "Medicare reimbursement will also allow the nation to continue to honor its commitment to military retirees of quality health care from the military health care system. Without Medicare reimbursement, tens of thousands of military retirees will be denied access to the military health care system in the future."

Mr. Chairman, we ask your assistance in that regard. We believe that our oldest military retirees deserve to have the option to remain in the military health care services system. As you said, it's a matter of faith, and it is all about the battle streamers at the back of the room.

Mr. Chairman, I next turn the floor over to Mike Lord, who will discuss trends in access. Thank you, sir.

[The prepared statement of Chief Master Sergeant Lokovic follows:]



September 6, 1996

**Statement By
JAMES E. LOKOVIC**

Director, Military and Government Relations

**Also as a Joint Statement on Behalf of
The National Military and
Veterans Alliance**

**Before the
House Committee on
National Security
Subcommittee on Military Personnel**

**on
Medicare Subvention and
Health Care Issues**

Air Force Sergeants Association

INTERNATIONAL HEADQUARTERS, POST OFFICE BOX 50, TEMPLE HILLS, MD 20757-0050

Mr. Chairman and distinguished committee members, thank you for this opportunity to discuss what is arguably one of the most important issues that military members face: Healthcare. The Air Force Sergeants Association represents 155,000 members and works for the active and retired enlisted members of the Air Force, Air National Guard and Air Force Reserve. We are also a participating association in the National Military and Veterans Alliance, and are testifying as a representative of the Alliance and in a coordinated statement with members of the Military Coalition. Together, those testifying this morning represent about 5 million members. Attaining good, affordable health care is important to both active duty and retired military members, but it is most critical to the enlisted corps, which relies on affordable health care benefits due to their lower rates of active and retired pay.

Mr Chairman, the other associations before you this morning in this joint testimony will build upon the points I am about to present. During this portion of the overall testimony, I will primarily discuss what has made health care such a volatile and *emotional* issue for so many past and present military members.

First, it is uncontestable that *the promise of free, lifetime health care was made*. Some will point out that this promise was not codified into law. However, that promise was clearly expressed in the brochures and pamphlets that were used during the mandatory career counselings that occurred throughout each career at critical career decision points. Life-affecting decisions were made based upon the concept that the government would act in good faith and stand by its words (Attachment 1).

Developments over time have lessened and, in many cases, washed away that promise made in exchange for a career of service. In fact, there is a growing fear that within the next several years, the government will separate retiree health care completely from the Military Health Services System (MHSS). Most recently, during the 1997 authorization process, it took congressional action to add back in \$475 million the administration had planned to cut -- specifically at the expense of space-available care opportunities for military retirees. Retirees have watched "their" health care plan cut, have seen DOD increasingly making budgetary decisions at their expense and, as vulnerable targets, no longer have faith that the government will fulfill its side of the "contract."

What magnifies this anger and confusion is the discriminatory treatment that is experienced by military retirees once they turn age 65. They are, literally, cast out of formal participation in the MHSS. *No other federal health plan treats its retirees in such a fashion when they reach a certain age*. Many of these retirees supported this country during its times of greatest crisis, including World War II, and the Korean and Vietnam Conflicts. They cannot reconcile their dedication and service with their subsequent treatment.

(more)

Of course, while some degree of health care in Military Treatment Facilities is still available for younger retirees (through TRICARE and some very limited space-available opportunities -- remember, these retirees are lowest in priority for care), it is virtually impossible for most retirees who are Medicare-eligible. That is why subvention would be so important to a large number of them. Subvention would allow Medicare to reimburse DOD for care received within the MHSS. This would, if it works as anticipated, allow over-64 retirees to remain within a system that they are comfortable with. DOD believes that the added dollars from subvention would increase its resources and provide greater care to this population. *A demonstration of subvention is vital to assessing its effectiveness in a prudent, relatively inexpensive way.*

Mr. Chairman, we recognize that your committee has limited jurisdiction over issues involving Medicare subvention. However, your committee has direct influence over the MHSS, which is where most retirees understood that they would receive their care. AFSA regularly receives letters and telephone calls from its members, and I am secure in saying that health care, and the broken promise, is what is of greatest concern to them. To underscore the strong feelings that a large number of our members have, I have included copies of just a few of their letters (their names and addresses have been blacked out to protect their privacy) (Attachment 2).

There is precedent for providing continued care to those who are Medicare-eligible under the cost-containment (capitation) system that TRICARE uses. The Uniformed Services Family Health Plan provides lower-cost care to enrollees (in non-TRICARE areas) and does not halt enrollment at age 65. This system has been successful from the beneficiary perspective. That is a major reason for allowing continued enrollment in TRICARE once an individual becomes Medicare-eligible. It has been successfully done, and AFSA agrees with those who argue that the Medicare program could incur large savings with TRICARE's capitation system.

The arguments for subvention, especially a demonstration, are strong. The representatives of the other associations will provide further support for these points and others in their statements. The strongest argument we can make in favor of subvention is the recognized need not to abandon these older retirees. As a group, we again ask you to exert your influence by working with other committees of jurisdiction that together can create expanded health care opportunities for military retirees. Retirees and active duty members need assurance that their health care benefits will be strengthened, not further diminished. We are sensitive to the significant budgetary constraints facing the government; however, the costs of broken promises are even more important!

Attachments: a/s

Coast Guard Career & Retirement

Retirement

Most career Coast Guardsmen retire after serving between twenty and thirty years of service. Current retirement programs allow you to collect about half of your base pay at twenty years and up to three-fourths base pay at thirty years.

Retirement benefits mean more than pay too. You continue to receive free medical and dental treatment for yourself plus medical care for dependents. You also remain welcome

at military commissaries, clubs and exchanges. Free space-available travel on some military flights allows retirees to travel to exotic foreign lands.

But perhaps the biggest plus in the Coast Guard career is the ability to retire at an early age and start a new civilian career. This is an opportunity that few people outside of the military



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ARMY

BENEFITS



ARMY BENEFITS HEALTH CARE, HOUSING, SHOPPING AND SCHOOLING

Superb Health Care. Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement.

Housing, shopping, schooling and recreational facilities. The Army provides them all — plus excellent pay — to give you a high standard of living in an attractive and wholesome environment.



Maybe the most personally rewarding Army feature of all is the special pride you'll feel performing a valuable service for your country.



Ask your Army Recruiter for more details on all these benefits and how they can benefit you.

FOR MORE INFORMATION ON THE MILITARY MEDICAL CARE PROGRAM, CALL OR WRITE THE NATIONAL ASSOCIATION FOR MILITARY SERVICES AT 555 HEMPSTEAD WAY, SPRINGFIELD, VA 22151 (703) 750-1442 EXT. 3010

ARMY. BE ALL YOU CAN BE.

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MILITARY MEDICAL CARE PROMISES

Army Recruiting Brochure, "Superb Health Care. Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement." [RPI 909, November 1991 U.S.G.P.O. 1992 643-711]

Life in the Marine Corps, p. 36. "Benefits...should you decide to make a career of the Corps, the benefits don't stop when you retire. In addition to medical and commissary privileges, you'll receive excellent retired pay..."

Guide for Educators and Advisors of Student Marines, p. 35. "Retired Marines are generally eligible to receive any type of health and dental care at those facilities provided for active duty personnel."

Navy Guide for Retired Personnel and Their Families, p. 51. "Covered under the Uniformed Services Health Benefits Program (USHBP) are retired members, dependents of retired members and survivors of deceased active duty or retired members. This care is available anywhere in the world either in a uniformed services medical facility (meaning Army, Navy, Air Force and certain Public Health Service facilities) and under the part of the USHBP called CHAMPUS." [NAVPERS 15891D November 1974]

The Bluejackets Manual, p. 257. "What Navy Retirement means to you - pay. Continued medical care for you and your dependents in government facilities." [1969]

Air Force Preretirement Counseling Guide, Chapter 5 Medical Care 5-2f.. "One very important point, you never lose your eligibility for treatment in military hospitals and clinics." [1 April 1986]

Air Force Guide for Retired Personnel, Chapter 1. "Treatment authorized. Eligible retired members will be furnished required medical and dental care." [1 April 1962]

United States Coast Guard Career Information Guide, USGPO. "Retirement...You continue to receive free medical and dental treatment for yourself plus medical care for dependents." [1991]

U.S. Coast Guard Pamphlet Be Part of the Action, "Reap the Rewards...You can earn retirement benefits - like retirement income...Plus medical, dental care..." [1993]

Hearings on CHAMPUS and Military Health Care, HASC No. 93-70, 93rd Congress "...the government has a clear moral obligation to provide medical care to retired personnel and their dependents...this Committee has found numerous examples of recruitment and retention literature which pledged...medical care for the man and his family following retirement." [Oct-Nov 1974]

The Coast Guardsman's Manual

The Coast Guardsman's Manual

Sixth Edition

United States Naval Institute
Annapolis, Maryland

This edition is based on Coast Guard organization and directives effective 30 June 1975.

All photographs not otherwise credited are official U.S. Coast Guard photos.

0-933-186-000

Career Information

6.

not granted merely because of death or serious illness in your family. You have no right, as such, to emergency leave.

How Leave Is Counted

The day you depart on leave, whatever the hour, is counted as a day of duty. If on your day of return you check in by 0900, that day counts as a day of duty (not chargeable against leave). But if you return after 0900 it is counted as another day of leave. Remember—"The day you leave is a day of duty; the day you return is a day of leave."

Compensatory Absence

This is a form of liberty granted to personnel at isolated units where normal liberty cannot be granted. Compensatory absence is granted insofar as possible for rest and rehabilitation, usually on the basis of 7 days absence for 14 days of duty. There are limits on how much can be accrued. At isolated overseas units, credit is earned at the rate of 2 1/2 days per month.

Retirement

Retirement means that a person is released from active duty but continues to draw a certain base pay for the rest of his life. The exact amount of this retired pay depends on many factors: length of service is the greatest governing factor in the case of most retirements. Degree of disability is the controlling factor in the case of disability retirements. In time of war or national emergency, retired personnel may be called to active duty.

There are several classes of retirement, including compulsory retirement at the age of 60, voluntary retirement after 20 or more years' service, involuntary retirement after 20 or more years' service, and retirement for disability incident to service. Retired people are entitled to medical treatment in government facilities, and are also entitled to use commissary and exchange facilities at any military base.

U.S. Coast Guard Reserve

A person, who upon an original enlistment in the Coast Guard, incurs a statutory obligation as described in Section 4141 (a) (3) of the Universal Military Training and Service Act must, upon release from active duty, be transferred to the Coast Guard Reserve to complete his obligated service. Such a person incurs a six-year period of obligated service, and on his release must be transferred to the Ready Reserve.

Employment Benefits

Military personnel receive substantial benefits. While they are in the service, enlisted members' benefits include health care, vacation, legal assistance, recreational programs, educational assistance, and commissary/exchange (military store) privileges. Families of service members also receive some of these benefits. Table 4 summarizes these benefits.

Retirement Benefits

The military offers one of the best retirement programs in the country. After 20 years of active duty, personnel may retire and receive a monthly payment equal to 50 percent of their average base pay for their last five years of active duty. Persons who retire with more than 20 years of service receive higher pay. Other retirement benefits include medical care and commissary/exchange privileges.

Veterans' Benefits

Veterans of military service are entitled to certain veterans' benefits set by Congress and provided by the Veterans Administration. In most cases, these include guarantees for home loans, hospitalization, medical care, educational benefits, disability benefits, and assistance in finding civilian employment.

Table 4 – Summary of Enlisted Employment Benefits

Vacation	Leave time of 30 days per year.
Medical, Dental, and Eye Care	Full medical, hospitalization, dental, and eye care services for enlistees and most health care costs for family members.
Continuing Education	Voluntary educational programs for undergraduate and graduate degrees or for single courses, including tuition assistance for programs at colleges and universities.
Recreational Programs	Programs include athletics, entertainment, and hobbies Softball, basketball, football, swimming, tennis, golf, weight training, and other sports Parties, dances, and entertainment Club facilities, snack bars, game rooms, movie theaters, and lounges Active hobby and craft clubs, book and music libraries
Exchange and Commissary Privileges	Food, goods, and services are available at military stores, generally at lower costs than regular retail stores.
Legal Assistance	Many free legal services are available to assist with personal matters.

ATTACHMENT #2

16 December 1995

Air Force Sergeants Association
P.O. Box 50
Temple Hills, Maryland 20757-0050

RE: Medical Service

Dear Mr. Stanton:

As a retired military member, I am entitled to receive medical service at a military base or civilian physician.

I started going to Wright Patterson AFB, Dayton, Ohio in November 1992 at which time I was diagnosed as having sugar diabetes and severe galucoma in my left eye in which it was necessary to have surgery to my left eye in January 1993. In August of 1995 I was diagnosed as having an enlarged prostrate gland.

I have no problem in getting an appointment with the Primary Care facility for my sugan diabetes or the Urology Clinic for my enlarged prostrate gland problem. I am experiencing difficulty in getting an appointment with the Ophthalmology Clinic for treatment of my severe galucoma.

Whenever you have had an appointment with the Primary Care Clinic and the physician tell you to make another appointment in about a month, you go to the appointment desk and tell the individual that the doctor wants to see you in about a month and the individual looks it up on the computer and schedules you for an appointment with that same physician.

I have sure that the Primary Care Clinic at Wright Patterson AFB treats as many patients a month as the Ophthalmology Clinic. Yet, it is always difficult to obtain an appointment with that clinic. It is military which is supposed to be uniformed and everything run basically the same way at any military installation.

You can try calling repeatedly to get an appointment with the Ophthalmology Clinic but cannot never get a follow up appointment with that clinic.

Now that I am a three year member of the Air Force Sergeants Association, perhaps it could do something in assisting me to get an appointment with the Ophthalmology Clinic for my severe galucoma condition.

After all when I signed my line on that dotted line, I was entitled to medical attention after my retirement from the Air Force for the twenty years I risked my life for honorable and faithful service to my country, giving my country the best twenty years of my life.

I realize that once I reach the age of 65 that I am to seek medical attention from Medicare but I am not 65 yet and have a few years before reaching that age.

I served in the Air Force from October 28, 1954 to November 1, 1974. I also served four years in Vietnam and Southeast Asia from April 1968 to April 1972.

It is not my choice to become ill and require medical attention. God knows that visiting the doctor's office or a hospital is my least choice places to go. However, when I do require medical attention like I do at the present time, I feel that I should be entitled to receive it for the service I gave to my country and since I am entitled to medical service as part of my retirement from the Air Force for the service I gave to this nation.

God know if it were my choice to get sick or not to get sick that I would choose the later. Anyone else would do the same if he or she had a choice.


It seems to me like that at least myself and other retirees could receive sufficient medical attention after what we have been through and done for our country.


I would hate to have to write my congressman about this problem or to have Mike Wallace and Sixty Minutes go to Wright Patterson medical center and do a story about why some retirees are able to get medical attention while others are unable to get appointments with the condition that I am experiencing at the present time.

I would appreciate any assistance that you may be able to offer concerning this matter.

Thank you so very much.

Sincerely,



Retired, U.S. Air Force

 / CC: Air Force Sergeants Association, Attn: James D. Staton.

Copy: Files.

X Suspense Copies: Honorable Wendell H. Ford
Mike Wallace, Sixty Minutes

31 May 96



AIR FORCE SERGEANTS ASSOCIATION
ATTN: CMSgt. (Ret) Claude Klobus
5211 Auth Rd
Suitland, MD 20746


Dear Chief Klobus

Your May 96 issue of Sergeants contained a Western Union telegram to be sent to our senators and members of Congress. This article interested me because of the many Air Force retirees now living outside of the U.S. that have absolutely no American medical coverage when we attain age 65. Many of us have a second career or at least some type of employment and see 1.5% of our wages withheld for Medicare every month. Money that is poured down the drain because we can not get Medicare health care.

Medicare subvention that will allow us to continue to use military medical facilities after attaining age 65 will, in part, fulfill the promise I received in 1951 of free medical care for the rest of my life if I completed at least 20 years of DOD service. My spouse has not been able to use military medical facilities for the last three (3) years. Local economy doctor's bills and medicine are not cheap. At present, my second career employer pays over half of my medical insurance. Next year, when I retire, I must pay it all out of my retirement pay. I may have to continue working after age 65 to keep this insurance in effect.

None of the articles that I have read on Tricare or Medicare address the retiree who elects to reside outside of the continental U.S. Please place more emphasis on us in the future when dealing with the House and the Senate.

Any additional information you may have as to relief of our medical situation, or lack thereof, would be appreciated.



December 4, 1991

Mr. Hoover

SERGEANTS
P. O. Box 50
Temple Hills, MD 20757

Gentlemen:

I have read the letters published in the Airmen's Forum, month after month. They all say the same thing--government is slowly and systematically eroding our servicemen's benefits.

If you compare my benefits when I retired in 1968 with my benefits of today, they are unrecognizable. Congress is slowly stripping the retired military personnel of everything; while their own benefits seem to be getting better.

Dan Rather, in a recent news broadcast, told us of how non-U.S. citizens are coming to this country and receiving thousands, even hundreds of thousands of dollars worth of medical treatments for free while our own U.S. citizens are doing without and having to survive with the aid of food stamps.

At one time, if I recall correctly, a service person who wrote a check that bounced (regardless of his or her time in the service) was subject to an administrative discharge and would forfeit all pay, privileges and benefits upon receiving that discharge. However, Congressmen are treated differently. To cite recent cases:

Congressman Bob Packwood of Oregon resigned because of his improper behavior toward women. I feel that he should have resigned, but was it right for him to retire with full benefits and pay, some \$85-\$90,000 a year?

Second issue deals with Congressman Dan Rostenkowski of Illinois. I believe he was found guilty of manipulating government funds. He, to my understanding, is also receiving all his benefits and a Congressional retirement to the tune of \$65-\$80,000 a year.

Congressmen write many checks that bounce. Is it fair that a member of Congress can commit a crime, then manipulate the law so that they and their crony friends lose nothing? Congress has

clearly established a double standard. We need to correct this. I grant, that some Congressmen have served their country and the military well, but they are in the minority.

If we are to tip the scales of justice back to a balanced one, we must act now or soon it will be too late. It is my understanding that there are about 160,000 members in AFSA. This does not include any U.S. Army, Marines or Navy organizations with a similar function. Let's assume that each organization has at least an equal number of members. That comes to a total of 480,000. This number does not include any of the active members of the armed services nor any members of the officer corps.

If these organizations jointly started a fund to raise money to sponsor our own representatives in Congress, in a short period of time we would be in a position to correct the wrongs of Congress and insure that it doesn't happen again.

We have a lot of mookie people in the military, both active and retired, who have worked on Capital Hill and are familiar with the process that goes on there. We have many military who are as well-educated as any on the Hill and are as equally capable of performing the duties of our current Congress and doing it better.

I propose that each military organization member donate \$50 per member per year, that comes to \$32 million. That is a lot of campaign money. With this money we can insure that our candidates, who are sympathetic to the military, and who may be our own retired military members, are elected to office. I believe in a short time we will see the pendulum swing the other way. I am willing to contribute, any one else? Any other ideas?

In closing I'd like for you to consider an answer to this question. Why are so many Congressional representatives electing not to run again in 1996? Could it be that they feel they have rigged the system for all they can get and possibly see the handwriting on the wall.

Respectfully,



SMSgt., USAF Retired

11 JUL 96

DEAR AFSA:

I'VE BEEN RETIRED FOR MORE THAN
30 YEARS AND DURING THAT TIME
THE "BENEFITS" WE EXPECTED HAVE
BEEN STEADILY ELIMINATED.

THE OVER-PAY MEMBERS OF CONGRESS
WOULD DO WELL TO ^{CUT} THEIR OWN PAY
AND OTHER PERKS TO REDUCE COST
OF GOVERNMENT.

I FIND IT INCREASINGLY DIFFICULT
TO ENCOURAGE ANY YOUNG PERSON TO
THINK OF THE MILITARY AS A CAREER.

Sincerely

[REDACTED]

CMSGT USAF, RETIRED.

[REDACTED]

W. H. Wilson
 L. [redacted] 10. 1996
 [redacted]

I have been a life member of ABA for nearly 20 years. During that time I have read many articles offering solutions to problems facing enlisted people in Sergeants magazine.

It is in that light that I suggest your investigation staff take a look at a program (CHAMPUS) that I feel is a paper generating, user unfriendly and nightmarish bureaucracy that could not withstand such close scrutiny.

I believe the commission of the person or persons who created CHAMPUS was to make it sufficiently complicated so as to discourage the submission of claims. I found it so and have given up trying.

I would be interested in knowing how many of your members feel as I do.

STATEMENT OF COMDR. MIKE LORD, U.S. NAVY (RET.), CO-CHAIRMAN, THE MILITARY COALITION HEALTH CARE COMMITTEE

Mr. DORNAN. Proceed, Mr. Lord.

Commander LORD. Mr. Chairman, and members of the Subcommittee, it's an honor to have the opportunity to address the subcommittee today on this very important issue of Medicare subvention. I'm especially pleased to experience the hearing from this perspective after several years in the Navy's Office of Legislative Affairs where I often told prospective Navy witnesses what it would be like to testify, even though I'd never done it myself. Now I'll find out if my advice was accurate.

As Executive Director of the Commissioned Officers Association of the U.S. Public Health Service, I'm also honored to testify on behalf of the military coalition and represent the coalition's views on issue of trends in access to care.

I hear it from members of my association, and I hear the stories that are told by representatives of the other coalition associations when we get together for meetings. They hear the word that the care is great when you can get it. It's a sad fact, however, that the care we all expected to be there for us following a career in service to our country is frequently not available. This is especially true for Medicare eligible retirees, the focus of today's hearing.

What is more, as the services continue to downsize and bases close, and along with them the military treatment facilities which many retirees have come to rely upon for their health care, the access continues to decline. This trend upsets the balance of the two programs available for over 65 members of the uniformed service—retired members of the uniformed service over the age of 65, space available access to the military medical facilities, and the Medicare Program. And these two aspects were relied upon in 1966 by the House Armed Services Committee in making the decision to exclude Medicare eligible retirees from benefits under the newly created CHAMPUS Program.

CHAMPUS today, thanks to the dedicated and cooperative efforts of Congress and DOD, is undergoing a transition to the TRICARE Program throughout the continental United States. While the transition is designed to accomplish the laudatory goals of reducing CHAMPUS costs in expanding access to health care in the military treatment facilities, this expanded access will be experienced by CHAMPUS eligibles who enroll in TRICARE Prime, not by Medicare eligible retirees. They suffer the possibility of being left to drift. As available space in the military treatment facilities shrinks in reaction to the expansion of care provided in the MTF's, enrollees in TRICARE Prime will be provided priority to care.

Perhaps even more devastating to Medicare eligibles than the loss of access to medical care will be the anticipated loss of access to the military pharmacy which is likely to follow since Medicare eligibles don't have the CHAMPUS prescription drug benefit as a fall back.

Mr. Chairman, in closing, let me relate that the military coalition has already begun to receive reports of the decrease in availability of care for those not enrolled in TRICARE Prime. A few of these stories are highlighted in the coalition's statement. Representative

Taylor also described during his testimony some access problems that have been experienced by his constituents in Mississippi. From Eglin and McDill Air Force Bases to the Naval Medical Center in San Diego, the message to patients is becoming too familiar, "If you cannot or choose not to enroll in TRICARE Prime, we regrettably may not be able, or are not able, to treat you."

Now is not the time, Mr. Chairman, for this Nation to turn its back on those in their twilight years who served their country with honor and loyalty. Mr. Chairman, Medicare subvention will not solve the access problem for all of our Medicare eligible retirees, but it's a great first step. Furthermore, it will serve as a clear signal that Congress intends to continue defending the health care benefits of these retirees in the same steadfast way that these retirees defended their country's freedom when called upon.

Thank you Mr. Chairman.

At this time, I would ask Cmdr. Virginia Torsch to discuss Medicare subvention legislation.

Mr. DORNAN. Proceed, Virginia.

STATEMENT OF LT. COMDR. VIRGINIA TORSCH, U.S. NAVY RESERVE, COCHAIRMAN, THE MILITARY COALITION HEALTH CARE COMMITTEE

Lieutenant Commander TORSCH. Thank you, Mr. Chairman. It is indeed an honor to testify at these hearings. As you know, TROA and the Military Coalition have really devoted a lot of time and effort to this issue, and we're delighted to finally have the chance to actually have hearings on this. The Military Coalition has sought Medicare subvention legislation for the past 6 years, and we were finally successful in January 1995 when Representative Joel Hefley introduced H.R. 580 to implement subvention nationwide. However, the Congressional Budget Office contended that this bill would increase Medicare expenditures by approximately 1.4 billion each year, which is the amount that DOD now spends to provide space available care to Medicare eligible retirees; and leaders of the House Commerce, and House Ways and Means Committees, refused to report out the bill.

To overcome this impasse, DOD has agreed to maintain its current level of funding effort for Medicare eligible beneficiaries who are currently provided space available care in the military health care system, and to seek reimbursement only for beneficiaries who are now using their Medicare benefits in the civilian sector at Medicare's expense. Four bills have now been introduced to test this new concept of Medicare subvention.

Despite safeguards in these bills to preclude Medicare paying any cost for retirees currently using military facilities, CBO persists in scoring these proposals as having a negative impact on Medicare with no basis to do so. From our perspective, Mr. Chairman, the CBO relies on faulty premises to make its case. Just a couple of examples, CBO has implied that irrespective of law, DOD will try to shift up to 50 percent of its cost to HCFA, even though the draft legislation clearly delineates the demonstration cannot increase costs for either Medicare or DOD.

CBO has also implied that DOD and the Health Care Financing Administration might both agree to allow DOD to shift costs to

HCFA, even though HCFA has no incentives for allowing DOD to shift costs to HCFA. And even if the Health Care Financing Administration were to allow DOD to shift costs, the draft demonstration legislation tasks the General Accounting Office to provide an independent audit of the demonstration to Congress to determine whether or not DOD and/or the Health Care Financing Administration stay within the law. Because of this scoring, just the concept, we were delighted that this Committee has directed the Congressional Budget Office to score specific Medicare subvention legislation instead of just a concept to form the basis for more objective conclusions.

To overcome the problems created by CBO's costing, and to eliminate other potential roadblocks, an amendment has been adopted in the fiscal year 1997 defense authorization bill to direct DOD and HCFA to develop the detail plan and submit it by September 6 to implement TRICARE subvention in one or more TRICARE regions. We were delighted to hear that on September 4, DOD and the Health Care Financing Administration did indeed sign the agreement to test Medicare subvention.

The coalition would like to extend its sincere appreciation to Dr. Joseph, the Assistant Secretary of Defense for Health Affairs, for his hard work in ensuring that the Medicare subvention plan was submitted to Congress by the deadline. We are encouraged that, with timely submission of this plan, we now have a chance to get implementing legislation introduced in the House and Senate and signed into law before Congress adjourns for the year.

The coalition especially applauds this committee for supporting the inclusion of that provision in the final version of the fiscal year 1997 Defense Authorization Act, and respectfully requests the committee follow with a freestanding bill to actually authorize the test in time to allow final passage prior to the adjournment of this Congress.

DOD has indicated it is prepared to go forward with its implementation plan on a moment's notice, and we feel strongly that conducting a test demonstration will be the only way to resolve the funding question and validate the financial viability of subvention.

We have had the opportunity to review the proposed test and we are generally pleased with its parameters, although we are little concerned about restricting the test to only a few sites. I think we share some of the concerns that we would like to see it tested throughout the regions.

We also would like to see a couple of very important provisions included in the implementing legislation. We feel very strongly that Medicare eligible beneficiaries who participate in the test must be afforded some protection in case the test must be ended prematurely for some reason. Therefore, we would like to see a provision that designates TRICARE Prime a Medicare at-risk HMO so that Medicare eligible beneficiaries will be able to renew their MediGap supplemental policies without incurring preexisting condition limitations. Without this designation, Medicare eligible beneficiaries will not be able to drop their supplemental policies, and will be financially penalized compared to other Medicare eligibles who join other Medicare at-risk HMO's. The requirement to keep

supplemental insurance would also likely decrease the incentive to participate in TRICARE Prime.

The coalition is pleased that DOD does not intend to charge enrollment fees for the first year of the test. However, we are concerned that DOD has indicated that if the cost-neutral mandate of TRICARE Prime dictates it, Medicare eligibles may have to be charged such a fee in the second and third years of the test. The coalition believes that imposing an enrollment fee, especially after the first year of not having one, would create much consternation among test participants, some who will feel that they have been subject to a bait and switch. Therefore, the coalition requests that if necessary, the cost neutral provision of TRICARE Prime be waived for this demonstration program so that DOD will not be forced to impose an enrollment fee. The financial impact of no enrollment fee, which could range from 3 to 6 million per year, does not warrant the negative publicity associated with a shift to enrollment fees in the second and third years of the test.

We are concerned that this test excludes Medicare eligible disabled beneficiaries under age of 65 from participating. We feel that this is very discriminatory since even though at this point, these individuals can enroll in TRICARE Prime, they still have to pay the enrollment fee, which would place them at a disadvantage in comparison to other Medicare eligible individuals who will not pay the enrollment fee. We therefore request that these individuals be allowed to participate in the test under the same parameters and the same conditions as other Medicare eligible beneficiaries, age 65 and older.

And finally, it's a minor point, but an important one, the test should apply to beneficiaries of all the uniformed services, not just the armed services to include the Public Health Service and NOAA.

Mr. Chairman, before closing, the coalition has one more request of the committee which I'll cover very briefly. The coalition recognizes that Medicare subvention is not the total answer to the health care problems facing Medicare eligible uniform services beneficiaries since subvention will at best only benefit about 35 percent of this group. The coalition has also been busy working to address another piece of our health equity goal during action on the fiscal year 1997 defense appropriations bill.

During floor action on this bill, Representative Jim Moran planned to seek an amendment to the appropriations bill that would authorize the demonstration program to test the concept of letting Medicare eligible service retirees and their families enroll in the Federal Employees Health Benefit Program.

Representative Bill Young, chairman of the House Appropriations Committee, Subcommittee on National Security; and Representative John Mica, chairman of the Government Reform and Oversight Committee, Subcommittee on Civil Service, have expressed support for the test concept, and given assurances that the issue will be addressed in final House and Senate conference action on the fiscal year 1997 defense appropriations bill.

Mr. Chairman, we recognize this is an unusual development, but given the limited scope of the proposed FEHBP demonstration, the coalition respectfully requests that you extend your support for this initiative to Chairman Young. Again, Mr. Chairman, thank you for

the opportunity to present our views on Medicare subvention. I'd like to pass it to Col. Chuck Partridge at this point.

[The combined statement of Comdr. Michael Lord and Comdr. Virginia Torsh follows:]

**STATEMENT OF
THE MILITARY COALITION**

MEDICARE SUBVENTION

**Presented to the
HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON MILITARY PERSONNEL**

by

CDR Mike Lord, USN (Ret.)
Commissioned Officers Association
of the US Public Health Service, Inc.

Co-Chairman Coalition's
Health Care Committee

LCDR Virginia Torsch, MSC, USNR
The Retired Officers Association

Co-Chairman Coalition's
Health Care Committee

September 6, 1996

MISTER CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE:

The Military Coalition (TMC) would like to express appreciation to the Chairman and distinguished members of the House National Security Committee's Subcommittee on Military Personnel for allowing TMC to express its views on this health care imperative for retired service members and their families. This statement provides the collective views of the following military and veterans organizations which represent approximately 5 million current and former members of the seven uniformed services, officer and enlisted, active, reserve and retired plus their families and survivors.

- Air Force Association
- Army Aviation Association of America
- Association of Military Surgeons of the United States
- Association of the United States Army
- Chief Warrant Officer and Warrant Officer Association,
United States Coast Guard
- Commissioned Officers Association of the United States
Public Health Service, Inc.
- Enlisted Association of the National Guard of the United States
- Fleet Reserve Association
- Jewish War Veterans of the United States of America
- Marine Corps League
- Marine Corps Reserve Officers Association
- National Guard Association of the United States
- National Military Family Association
- National Order of Battlefield Commissions
- Naval Enlisted Reserve Association
- Navy League of the United States
- Reserve Officers Association
- The Military Chaplains Association of the United States of America
- The Retired Enlisted Association
- The Retired Officers Association
- United Armed Forces Association
- United States Army Warrant Officers Association
- United States Coast Guard Chief Petty Officers Association
- Veterans of Foreign Wars

INTRODUCTION

For nearly two centuries, uniformed services retirees have been led to believe that they have a right to medical care in military facilities following retirement. In brief, this lifetime right had its genesis in 1798, when service members in the U.S. Marine Corps, and then the U.S. Navy, made a monthly contribution to the Hospital Fund to pay for such care for a period of more than 145 years -- a contribution that continued after retirement. Records indicate that money from the Hospital Fund was used to build the Brooklyn, Philadelphia and Chelsea Naval Hospitals. When the contribution was discontinued by Congress in 1943, Congressional hearings made clear that members were to retain the right to care. It is equally clear that members of the other services have always been led to believe they would be provided care for life in military treatment facilities. The assurance of such care was one of the important factors in inducing service members to endure the extraordinary demands and personal sacrifices inherent to a career in uniform.

In 1965, Congress enacted Medicare legislation. One year later, as a means of further improving the military health benefit for non-active duty beneficiaries, Congress established the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). In adopting this legislation, which terminated CHAMPUS eligibility at age 65, the House Armed Services Committee reasoned "... military retirees would continue to have two medical programs upon reaching age 65 -- the use of the military medical facilities on a space-available basis and the Social Security Medicare program. Under the circumstances, it appears that the two remaining medical sources would provide a fair program of assistance."

If retired service members did not have an implied right to hospital care, the government would have no responsibility to provide such care. The fact is, however, that for more than three decades, key officials have acknowledged the government's responsibility in this area. It was affirmed clearly by Dr. William Gorham, the Deputy Assistant Secretary of Defense for Special Projects, Office of the Assistant Secretary of Defense for Manpower, during hearings on the 1963 military pay bill. During this hearing the following exchange took place between Representative Charles Gubser of California and Dr. William Gorham:

MR. GUBSER: *Now I realize that the Department of Defense as
of the early part of this month has initiated a*

study by which they are going to thoroughly explore the question of retired persons. Are you at liberty to say whether or not the fact that this study has been instituted is a recognition that there is a responsibility to retired persons on the part of the government?

MR. GORHAM: *I don't think there is any question about that, Mr. Gubser.*

MR. GUBSER: *I am not asking for a prediction, because you don't know what that study is going to reveal, but would you presently anticipate that insofar as medical care is concerned is there going to be something provided for retired personnel in the future?*

MR. GORHAM: *Yes.*

MR. GUBSER: *In other words, we are not going to be put in the position of raising their retired pay in this bill and then taking it away by taking away fringe benefits?*

MR. GORHAM: *Absolutely not.*

In a statement announcing the above-mentioned study, the Department of Defense said,

"Health care for retired military personnel and their dependents in military hospitals is a traditional military benefit. In the statute which specifically authorizes this benefit, Congress indicated that its purpose is '...to create and maintain high morale in the uniformed services'."

In the completed version, the study clearly established the Government's moral obligation to provide medical care to military retirees and their dependents. Considerable evidence of the government's commitment is cited in the Department of Defense's study, Medical Care for Retired Military Personnel and Their Dependents, dated June 1964. On page 21 of that study are the following quotations from official service recruiting publications:

"And let's not forget those many other benefits of this act which go a long way toward providing the SECURITY that both

you and your family want, and lifetime security and protection for you and yours --- even after retirement through guaranteed medical care at military facilities.

(From "Army Benefits" Department of Army, 1956,611-180-RPC)

"He retires -- while still a young man -- equipped to start a second career. He has retirement pay, benefits and full medical care." (From "Your Son's Future", Department of the Army 1962, me 62--125B, 250M)

"As a Navy man, you receive free medical and dental care now and after retirement." (From "Figuring Your Future", Department of Navy NRAF--26502)

"Just think when you do retire or go into Fleet Reserve, you retain almost all of the benefits you enjoyed while on active duty, including HOSPITALIZATION for you AND YOUR DEPENDENTS for life." (From Navy Career Appraisal Team Representation Guide", Department of Navy, NAVPERS 15897--A)

The Department of Defense study also concedes that there is a legal obligation on the Government's part to provide care to those retirees who paid into the old Naval Hospital Fund.

Subsequent hearings before the House Armed Services Committee, March 1966 shed more light on the commitment.

"After careful study of the Secretary of Defense's proposal to provide medical care for retired military personnel and their dependents, we find that the proposal does not address itself to the correction of the inequities of the space-available language of Chapter 55, Title 10, U.S.C., specifically, Sections 1074(b), 1076(b), and 1083. The problem of medical care for retirees came about because of a legislative misinterpretation of the language in those two sections. The Special Subcommittee in its report (No. 67), dated 30 September 1964, stating the Subcommittee's findings of its comprehensive hearings recommended: That amendatory language be added to the

Dependents' Medical Care Act, making it unmistakably clear that the so-called space-available concept may not be used as a vehicle to limit or eliminate space available for retired military personnel and their dependents in military facilities." Therefore, the language should be changed from its present, permissive nature by substituting the word SHALL for the word MAY in those sections. This change would clarify and establish the right to such care for military retirees and their dependents.'

In 1965, Congress enacted Medicare legislation. One year later, as a means to further improve the military health benefit for non-active duty beneficiaries, Congress established the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). In adopting this legislation, the House Armed Services Committee reasoned:

"(a) The benefits of this legislation should be considered a transitional civilian program for retirees, who now enter the rolls at about age 44, until they become eligible for Social Security Medicare at age 65.

(b) ... military retirees would continue to have two medical programs upon reaching age 65 -- the use of the military medical facilities on a space-available basis and the Social Security Medicare program. Under the circumstances, it appears that the two remaining medical sources would provide a fair program of assistance." (Emphasis added)

More recently, this obligation was reaffirmed in remarks made by Dr. Stephen Joseph, Assistant Secretary of Defense for Health Affairs, at a hearing before the House Government Reform and Oversight Committee's Subcommittee on Civil Service. On September 12, 1995, Dr. Joseph acknowledged that recruiters and commanders had led members to believe that they had a lifetime commitment to military health care. While Dr. Joseph did not stipulate that the commitment was a contractual obligation, he stated that there was an implied moral commitment to provide health care to those currently serving and those who retired following their service careers. A review of recruiting and retention literature further corroborates the commitment to lifetime health care by the Services to all uniformed services beneficiaries. The following provides

indisputable evidence that the free lifetime medical promise was being made as late as 1993.

Marines, Life in the Marine Corps-

(Undated, but in use)

"Benefits... These are only a few of the great extras you'll find when you join the Marine Corps. And the nice part is, should you decide to make a career of the Corps, the benefits don't stop when you retire. In addition to medical and commissary privileges, you'll receive excellent retirement pay..."

Air Force Pre-reenlistment Counseling Guide. (Chapter 5 Medical Care, Section 5:2.f., dated 1 April 1986)

"One very important point, you never lose your eligibility for treatment in military hospitals and clinics."

United States Coast Guard Career Information Guide. (USGPO 1991-)

"Retirement -- Most career Coast Guardsmen retire after serving between twenty and thirty years of service. Current retirement programs allow you to collect about half of your base pay at twenty years and up to three-fourths base pay at thirty years."

"Retirement benefits mean more than pay too. You continue to receive free medical and dental treatment for yourself plus medical care for dependents. You also remain welcome at military commissaries, clubs and exchanges. Free space-available travel on some military flights allows retirees to travel to exotic foreign lands..."

Guide to the Commissioned Corps Personnel System, March 1985

"Noncontributory medical care during active duty and retirement for both officer and dependents."

Army Recruiting Brochure, "Army Benefits

(RPI 909, November 1991)(Still in use by recruiters in 1993).

"Superb Health Care. Health Care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement." (Emphasis added)

As further evidence of the lifetime health care commitment, it is instructive to reflect on a 1991 study by the Congressional Research Service, titled Military Health Care/CHAMPUS Management Initiatives, prepared by David F. Burrelli, an analyst in National Defense, Foreign Affairs and National Defense Division, on May 14, 1991.

".....The Dependents' Medical Care Act (P.L. 84--569; June 1956; 70 Stat. 250) described and defined retiree/dependent eligibility for health care at military treatment facilities (MTFs) as being on a space-available basis. Thus, for the first time, the dependents of active duty personnel were entitled to health care at MTFs on a space-available basis. Authority was also provided to care for retirees and their dependents at these facilities (without entitlement) on a space-available basis.....Although no authority for entitlement was extended to retirees and their dependents, the availability of health care was almost assured, given the small number of such persons. Therefore, while not legally authorized, for many the "promise" of "free" health care "for life" was functionally true. This "promise" is widely believed and it was and continues to be a useful tool for recruiting and retention purposes

MEDICAL COVERAGE SECOND TO MOST?

Unfortunately, the American public -- and many in Congress -- have the misperception that uniformed services retirees have better-than-average health care benefits. This is correct in terms of the quality of care for those who are able to access military treatment facilities. However, for an ever increasing number of beneficiaries, particularly those age 65 and older, this access is a myth. The Department of Defense is virtually the only large employer that terminates its retirees' health coverage when they turn 65.

In contrast, nearly all of the largest U.S. corporate and government employers provide their retirees substantial employer-paid health coverage in addition to

Medicare. Data from a 1994 survey by Hay Associates (one of the nation's most-respected firms in the area of employee benefits), indicates that the majority of corporate employers provide at least some employer-paid coverage in addition to Medicare -- and the larger the employer, the more they provide. The Department of Defense -- America's largest employer -- does not stack up well in this department. The gap is even wider when the uniformed services' health care package is compared to the benefit afforded to employees who have retired from the very largest private sector corporations. For example, the four largest U.S. corporations either fund virtually the entire health care premium (including heavily subsidized prescription drug benefits) or cap their retirees' out-of-pocket medical expenses at modest levels.

**Health Plans of the Four Largest U.S. Corporations for Their
Retired Medicare-Eligible Employees**

Corp.	No. of Ret	Employer Subsidized Health Plan			Employer Paid Share of Premium	Retiree Deductible Single/Fam	Retiree Cost Share	Other Subsidized Coverage		
		Ret	Fam					Rx Drug	Dental	Vision
GM	350,000	Yes	Yes		75-80%	\$300/600	Zero*	Yes	Yes	Yes
Ford	90,000	Yes	Yes		100%	\$200/250	20% off visits; \$500 out-of-pkt cap for all other	Yes	Yes	Yes
IBM	74,000	Yes	Yes		100%	\$250 (\$340 hosp)	20% outpatient 0% inpatient	Yes	Yes	Yes
GE	80,000	Yes	Yes		100%	N/A	20% of Medicare copay	Yes	No	No

* GM plan pays all charges above Medicare payment

In a similar vein, the United States Government provides significantly subsidized health care insurance coverage for retired Federal civilian employees and their families -- including retired Members of Congress and retired Congressional staff members. Yet, over the years, Administration and Congressional cost containment efforts have progressively stripped older uniformed services retirees of nearly all DoD-funded health benefits.

For generations, military health care has been touted as second to none. It is past time to recognize that, compared to what is provided by other large employers, Medicare-eligible uniformed services beneficiaries' health care has become second to almost all others. Service members who have given their country decades of service and sacrifice deserve better.

TRENDS FOR ACCESS TO CARE IN MILITARY TREATMENT FACILITIES (MTFs) (1996-2000)

The greatest problem facing all retirees and their families who rely on military medicine for their health care is the increasing decline of access to care in military treatment facilities (MTFs). A Congressional Budget Office (CBO) report (Restructuring Military Medical Care, July 1995) states that although 70% of the total eligible uniformed services population currently lives within 40 miles of a military hospital, only 55% of the age 65 and older Medicare-eligible population live this close. This situation will be exacerbated by continuing base closures which have closed or will close 39 MTFs and downsize many others. GAO reports that the military drawdown has also resulted in an 8 percent reduction of military medical personnel since 1991 and will further reduce it by another 8 percent by the year 2000.

Approximately 1.168 million uniformed services beneficiaries age 65 and older are entitled to Medicare insurance coverage (projected to increase to 1.436 million by 2002). They are also eligible to receive health care in DoD operated military treatment facilities, but only on a "space available" basis. Although exact figures are not available, DoD estimates that an equivalent of about 30 percent, or 324,000 of these dual-eligible beneficiaries, regularly use the military health care system. DoD pays an estimated \$1.4 billion per year out of its annual appropriations to deliver health care services to this population. Most of the remaining beneficiaries use providers in the civilian community under standard Medicare.

To meet the needs of CHAMPUS-eligible beneficiaries, DoD, with Congressional direction, is implementing the Tricare program throughout CONUS by September 1997. Tricare Prime is designed to provide improved access to health care in MTFs for CHAMPUS-eligible beneficiaries at a lower cost for many than under Tricare Standard. If these expectations are met, Tricare will provide improved access to health care in MTFs for CHAMPUS eligibles who enroll in Tricare Prime. However, Medicare-eligible beneficiaries have been set out adrift and will be

denied the opportunity to enroll in Tricare unless Congress intercedes. Space-available care in the MTFs is becoming increasingly limited for those beneficiaries who do not, or cannot, enroll in Tricare Prime because hospital commanders are required to provide care in the MTF on a priority basis to Tricare Prime enrollees. An aggravating side effect is that as space-available care becomes limited, so too will access to the military pharmacy - a major loss for Medicare-eligible beneficiaries who do not have CHAMPUS and its prescription benefit as a fall-back.

The Military Coalition has already begun to hear reports about the decrease in availability of care for those who do not or cannot enroll in Tricare Prime. For example, military beneficiaries who currently receive care in the Eglin AFB, FL Family Practice Clinic Program recently received notices from the Eglin AF Hospital that unless they enrolled in Tricare Prime, the hospital would not be able to guarantee that it could continue to offer beneficiaries regular participation in Family Practice Clinic. A Medicare-eligible retiree who has always been able to receive care on a space-available basis from the McDill AFB hospital was told in June that he can no longer make any appointments for medical care because he is not eligible to enroll in Tricare Prime. Another 70 year-old retiree who had a heart attack and numerous catherizations and desperately needed to see a cardiologist at the Naval Medical Center San Diego (NMCS) received a letter from that facility that said "... Unfortunately, current staffing in that clinic [cardiology] does not allow us to make available all of the care we would like to provide... I must therefore regretfully inform you of the need to disengage you from NMCS for this care ..."

Communications like these reflect a dispassionate callousness, though unintended, that is demoralizing. The retirees bearing the brunt of these decisions are those who served without equivocation in WW II -- Iwo Jima, Bataan, Corregidor and Normandy to name a few, and they cannot fathom why Uncle Sam would now turn his back on them during their twilight years. Regrettably, the Coalition receives these reports on almost a daily basis.

Not only is the health care lockout for Medicare-eligible retirees seriously eroding morale, it is in some cases, spawning drastic action. For example, two class action lawsuits are already underway with more sure to follow. The bad press associated with these actions will deny us the services of our best recruiters - the retired community - and is sure to adversely impact on the propensity of young men and women to serve in the uniformed services.

MEDICARE SUBVENTION

The Military Coalition has sought legislation for the past six years, and mounted a particularly intensive effort in the 104th Congress, to change Section 1876 of the Social Security Act (42 U.S.C. 1395) to allow the Health Care Financing Administration (HCFA) to reimburse DoD for the care provided to Medicare-eligible uniformed services retirees and their spouses in the Military Health Services System (MHSS), a concept called Medicare subvention. Current law prohibits Medicare payments to federal providers of health care services and, therefore, precludes the Department of Defense from being reimbursed for the care provided to Medicare-eligible uniformed services beneficiaries. If DoD is reimbursed for such care, it should be able to allow Medicare-eligibles to enroll in Tricare Prime and otherwise use the full range of services available through the Military Health Services Systems. Since DoD's care is less costly than private sector care, Medicare subvention will actually save Medicare money--a win-win situation for Medicare, the taxpayers, and Medicare-eligible beneficiaries.

We've said this earlier, but it's worth reemphasizing. **Without subvention, beneficiaries under age 65 who are enrolled in Tricare Prime will be pushed out of the program when they become Medicare-eligible at age 65 and join those already disenfranchised.** Further, as military and civilian networks are sized to meet the health care needs of the enrolled population, access to "space available" care in MTFs will diminish greatly. The net effect is that older retirees and their spouses will be shut out of a system of health care they thought would always be there for them., unless Congress amends the law to permit Medicare subvention.

Legislation:

The Coalition tried for many years to get Medicare subvention legislation introduced, and was finally successful in 1995. On January 19, 1995, Rep. Joel Hefley (R-CO) introduced HR 580, which calls for subvention nation-wide. However, the Congressional Budget Office (CBO) contended that H.R. 580 would increase Medicare expenditures by \$1.4 billion (the amount that DoD now spends to provide "space available" to Medicare-eligible retirees) and leaders of the House Commerce and House Ways and Means Committees refused to report out the bill. To overcome this impasse, DoD has agreed to maintain its current level of funding effort for Medicare-eligible beneficiaries currently provided

space available care in the military health care system, and to seek reimbursement only for beneficiaries who are now using their Medicare benefits in the civilian sector at Medicare's expense because they cannot get into military hospitals.

Subsequent to this decision, four new bills were introduced in the House and the Senate to limit Medicare subvention to a meticulously controlled demonstration, with no risk to the Medicare trust fund. Senator Phil Gramm (R-TX) introduced S. 1487 on December 20, 1995. On March 21, 1996 Senator Bob Dole (R-KS), Representative J. C. Watts (R-OK) and Representative Joel Hefley (R-CO) introduced three more Medicare subvention bills.

Senator Dole's bill (S. 1639), and Rep. Watts' companion bill (H.R. 3151), provide broad legislative language requiring DoD and the Department of Health and Human Services, to establish a Medicare subvention demonstration in two or more regions where Tricare has been implemented. Under the demonstration, uniformed services beneficiaries who are Medicare-eligible would be allowed to enroll in Tricare Prime. The bills require that the demonstration not cost DoD or Medicare any more than without the test. Except for some specific reporting requirements, much of the details of the test are left to the Administration's implementers. The test would last for three years.

Senator Gramm's bill (S. 1487) and Rep. Hefley's companion bill (H.R. 3142), include more specific provisions. DoD would continue its current "level of effort" by funding and providing services to those Medicare-eligible beneficiaries who currently use military treatment facilities on a space available basis in the test regions. DoD would only seek payment from Medicare for any new beneficiaries above DoD's current funding responsibility who wish to get their care through MTFs and Tricare Prime. The test would only last two years. The distinguishing provision of the Gramm/Hefley bills is the "fee-for-service" option for non-enrollees in Tricare Prime who want to use MTFs on a case-by-case basis. The Gramm/Hefley bills also include, like the Dole/Watts bills, enrollment in Tricare Prime for those Medicare-eligible uniformed services beneficiaries who prefer that option. Under either proposal, Medicare receives a money-saving discount, reimbursing DoD an amount not to exceed 93 percent of what Medicare pays to civilian sources.

Ignoring the obvious safeguards to preclude Medicare from paying any costs for retirees currently using military facilities, the CBO persists in scoring these

proposals as having a negative impact on Medicare with no basis to do so. From our perspective, the CBO cost rationale relies on unwarranted allegations to make its case. The following examples, extracted from a March 4, 1996 letter from Dr. Steven Joseph to HCFA are illustrative:

- **CBO Analysis:** -- The CBO paper states that 50 percent of the costs will be shifted from DoD to the Medicare program and implies that, irrespective of law, DoD will move to shift and increase Medicare's costs for the Health Care Financing Administration (HCFA).

DoD Analysis -- As clearly delineated in both Senator Dole's legislation and the DoD/HCFA draft demonstration legislation, the demonstration cannot increase costs for either Medicare or DoD. To increase costs would clearly violate the law. DoD does have adequate management controls to assure that costs do not increase.

- **CBO Analysis:** -- CBO implies that DoD and Medicare might both agree to allow DoD to shift costs to Medicare.

DoD Analysis -- Clearly, Medicare has a disincentive against allowing DoD to shift costs to Medicare and has the authority to end the demonstration. Even if Medicare were to change its mind and allow DoD to shift costs, the DoD/HCFA draft demonstration legislation tasks the General Accounting Office to provide an independent audit of the demonstration to the Congress. This GAO audit would determine whether or not DoD and/or HCFA were in violation of law.

- **CBO Analysis:** -- DoD will enroll a disproportionate share of healthy Medicare-eligible individuals and/or current MTF-reliant Medicare-eligible individuals. Both of these groups currently cost the Medicare program very little. If DoD enrolls these individuals and exceeds its current level-of-effort, the Medicare program would be obligated to pay DoD the adjusted AAPCC rate which is much higher than current Medicare costs for these individuals.

DoD Analysis -- Since DoD'S baseline costs are based on the current Medicare population served by MTF's and the baseline is based on dollars expended and not enrollees served, DoD does not get any benefit in the demonstration from having served healthier beneficiaries during the

baseline period. As for the operational part of level of effort and the cost per enrollee, DoD will be reimbursed at the adjusted AAPCC rate and, like any private HMO, will be reimbursed by enrollee cohorts (reducing the opportunity for "skimming"), and will offer Medicare an additional two percentage point discount. In addition, because DoD as a federal agency cannot make a "profit" off another federal agency, DoD and Medicare will reconcile their costs each year to ensure that Medicare costs are not increasing due to favorable selection.

- **CBO Analysis:** -- The estimate assumes an annual rate of increase ranging from 7.4 to 8.5 percent.

DoD Analysis -- The above annual rate of increase is three to four percentage points higher than the DoD medical program budget for the years 1997-2001.

In this regard, the Coalition was delighted that this Committee took the CBO to task for this misguided approach and has directed the CBO to score specific Medicare subvention legislation, instead of just the concept, which will form the basis for objective conclusions.

To overcome the CBO-created problem and eliminate other potential roadblocks, an amendment was adopted in the FY 1997 Defense Authorization Bill to pave the way for testing Medicare subvention in FY 1997. The amendment, approved in the House and Senate Conference Report, which was subsequently approved by the House, directs DoD/HCFA to develop a detailed plan for implementing a Medicare subvention test in one or more Tricare regions. The Conference Report, which anticipated Congressional passage of the Defense Bill prior to the August recess, calls for submission of the plan to Congress by Sept. 6, 1996. As we understand it, once DoD/HCFA submit the detailed plan to Congress in September and the House and Senate Oversight Committees and the CBO have had a chance to closely examine it, that additional legislation would be enacted in September (before Congress adjourns) to actually authorize a Medicare subvention test in 1997.

The proposed test represents a significant compromise from the initial thrust of the Medicare subvention initiative advocated by The Military Coalition. Traditionally, when Medicare subvention was defined, it was in the context of having Medicare reimburse DoD for care provided to Medicare-eligible

beneficiaries on both a capitated and a fee-for-service basis. Under this fundamental definition of subvention, when a Medicare-eligible beneficiary is enrolled in Tricare Prime, that individual would be able to use the entire network of providers, as well as the MTF. Those not enrolled would be allowed to use MTFs on a space available basis with Medicare reimbursing DoD for the cost of such care that they would otherwise bill to Medicare for visits to private sector providers. The Coalition recognizes that in order to move forward at all, given the opposition of some of the nay-sayers, a compromise may be required. Accordingly, under the plan contemplated by the Authorization Bill, the Medicare subvention test would extend only to Medicare-eligible beneficiaries who agree to enroll in Tricare Prime. However, the conference agreement directs DoD/HCFA to submit a study to Congress (by January 3, 1997) on the feasibility of extending the subvention concept to fee-for-service care, too (i.e., case-by-case health care provided to service retirees and family members who are not enrolled in Tricare Prime).

The Coalition applauds this Committee for supporting the inclusion of the Medicare subvention test in the final version of the FY 1997 Defense Authorization Act. To implement the test in FY 1997, following these hearings, The Military Coalition respectfully requests the Committee follow with a free standing bill to actually authorize the test in time to allow final passage prior to adjournment of the 104th Congress. According to Pentagon sources, OSD has indicated it is prepared to go forward with its implementation plan on a moment's notice. Conducting a test demonstration will be the only way to resolve the funding question and validate the financial viability of subvention. At this juncture, it is important to emphasize that the demonstration can be conducted at no financial risk to Medicare. With the three year sunset period called for in the plan any unforeseen financial impact can be contained.

The Coalition would like to extend its sincere appreciation to Dr. Stephen Joseph, Assistant Secretary of Defense for Health Affairs, for his hard work in ensuring a viable Medicare subvention plan is submitted to Congress by September 6. Unfortunately, we have not been so encouraged by the Department of Health and Human Services. At a recent Senior Citizens Forum held by Representative Jim Moran in Virginia, the Medicare Administrator, in a direct response to a question from a TMC member, informed attendees that HCFA has no intention of trying to meet the September 6 deadline and would submit the Medicare

subvention test plan to Congress by mid-October at the earliest. If the report is a Congressional imperative, HCFA's unexplained delay would make it virtually impossible to enact enabling legislation before the 104th Congress adjourns. HCFA's intransigence is in direct conflict with stated Administration policy. In meetings with military and veterans organizations in 1995, and again in 1996, President Clinton has pointedly reassured the groups that he supports Medicare subvention. In fact, in a recent press release announcing his approval of a Medicare subvention demonstration program for the VA health care system, President Clinton again stated that DoD and HCFA were working on a similar program for Medicare subvention in military facilities and would have a proposal ready in the near future.

Mr. Chairman, the Coalition has seen a draft of the DoD/HCFA agreement and DoD has bent over backwards to accommodate HCFA's concerns. For example, DoD has agreed to accept a discounted capitation rate as reimbursement, and has agreed that the rate can be further reduced by backing out the costs of Graduate Medical Education, Indirect Medical Education, capital building, and disproportionate share hospital costs that go into the formula for the capitation rate. DoD has also agreed to exclude its costs for outpatient pharmacy services and the USTF program from its level of effort computations, which is also advantageous to HCFA.

These concessions clearly reinforce the most fundamental point we wish to underscore again. Medicare cannot be financially damaged by subvention. The test is just that, a test, with a sunset period and a statutory guarantee that Medicare will not lose. Therefore, Mr. Chairman, the Coalition requests your assistance in ensuring that the Medicare subvention test is implemented without delay.

Mr. Chairman, the Coalition would like very much to have the demonstration program be a true test of the concept of Medicare subvention and strongly recommends a mid-course review of the subvention demonstration program. In addition to data on the propensity of retirees to enroll in Tricare Prime, the Coalition would like to examine continuity of care for those who transfer from CHAMPUS to the subvention phase of Tricare.

The Coalition also believes that for the test to succeed, it must include the following parameters:

- Medicare-eligible beneficiaries should be allowed to access MTFs on a fee-for-service basis as well as being allowed to enroll in Tricare Prime. HCFA should reimburse DoD for fee-for-service care provided to these individuals.
- Medicare-eligible beneficiaries who enroll in Tricare Prime must be allowed to access the full Tricare Prime network and not be limited to care in the MTF.
- The Tricare Prime enrollment fee should be waived for Medicare-eligible beneficiaries since they are already paying Medicare Part B premiums.
- Medicare Part B late enrollment penalties should be waived for those Medicare-eligible beneficiaries who never enrolled in Part B because they relied on an MTF for care.
- Medicare-eligible beneficiaries who enroll in Tricare Prime should receive priority to care in MTFs on an equal basis as all other Tricare Prime enrollees. All Tricare Prime enrollees should have priority to access to care over non-enrollees.
- Eligible beneficiaries should include retirees (including family members and survivors) of all of the uniformed services, not just the armed forces.

Mr. Chairman, before closing, the Coalition has one more request of the Committee. The Coalition recognizes that Medicare subvention is not the total answer to the health care problems facing Medicare-eligible uniformed services beneficiaries since subvention will at best only benefit about 35% of this group. The Coalition has also been busy working to address another piece of our health care equity goal during action on the FY 1997 Defense Appropriations bill.

During floor action, Rep. Jim Moran planned to seek an amendment to the appropriations bill that would authorize a demonstration project to test the concept of letting Medicare-eligible service retirees and their families enroll in the Federal Employees Health Benefits Program (FEHBP). This is the same Medicare-supplement plan the government already subsidizes for all other retired federal employees, including retired members of Congress.

During the colloquy that ensued, Rep. Bill Young (R-FL), Chairman of the House Appropriations Committee's Subcommittee on National Security and Rep. John Mica (R-FL), Chairman of the Government Reform and Oversight Committee's

Subcommittee on Civil Service, expressed support for the test concept and reached agreement with Rep. Moran to defer the amendment while leaders of the interested committees and subcommittees (National Security, Appropriations, and Civil Service) worked out details of the demonstration test. The withdrawal of the amendment was accompanied by Chairmen Young and Mica's assurances that the issue would be addressed in final House and Senate conference action on the FY 1997 Defense Appropriations Bill.

"I made a commitment to my constituents, and I made a commitment to the members of The Military Coalition," said Chairman Young during discussion of the issue on the House floor.

"I have the same commitment that the gentleman from Virginia [Moran] has, and we are going to make this happen because it has to happen; it is only fair. It keeps our commitment that we have made a long time ago to those who served us in the military for a lifetime."

Chairmen Young and Mica's stated intent to work the issue in the final conference action is encouraging and opens the door for further progress if Sen. Ted Stevens (R-Alaska), Chairman of the Senate Appropriations Committee, Subcommittee on Defense, is amenable.

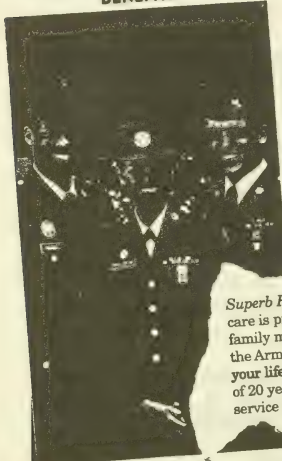
Mr. Chairman, We recognize that this is an unusual development, but given the limited scope of the proposed FEHBP demonstration, the Coalition respectfully requests that you extend your support for this initiative to Chairman Young.

CLOSING COMMENTS

This Committee has a great challenge to restore the health benefit to a level equal to what most employees of large corporations have and to that available for all retired federal civilians have. The Coalition stands ready to work with this Committee to reform military health care without jeopardizing military readiness or the national security. But, the time has now come to honor the commitments that were made to those who served their country when they were called to do so. Mr. Chairman, the Coalition is grateful for your continuing support and appreciates the opportunity to present its views on this topic which is so vital to retired service members. We would be glad to answer any questions you may have.

ARMY

BENEFITS



Superb Health Care. Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement.

Documenting the Lifetime Health Care Commitment

Many contend that the government never promised lifetime health care to military members. The record shows otherwise:

1798: Marines and then sailors are required to contribute 20 cents per month to the Hospital Fund for their future health care. The practice continued for 145 years until 1943, when, at the height of World War II, Congress decided it was unfair to impose health care charges on members whose duties were so hazardous.

1956: The first documented evidence of the ser-

vices advertising

"free health care for life" in recruiting and retention literature.

Such advertisements continued until 1993

(see graphic from an

Army Recruiting

brochure), when retiree protests that

DoD was reneging on the promise led the Army to change the wording in its brochures.

1966: Congress declines to extend CHAMPUS eligibility beyond age 65, asserting that the abundance of space available medical care in military facilities plus Medicare offered uniformed services retirees a viable "two-track" health care system.

1991: Congressional Research Service report concludes that the "free health care for life" promise was functionally true and had been used to good advantage for recruiting and retention.

1995: Stephen Joseph, M.D., assistant secretary of defense (health affairs), testifies before Congress that DoD has an "implied moral commitment" to provide health care to all eligible beneficiaries.

Mr. DORNAN. Thank you. Proceed, Chuck.

STATEMENT OF COL. CHARLES C. PARTRIDGE, U.S. ARMY (RET.), LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Colonel PARTRIDGE. Thank you, sir. I want to thank you and the members of this committee, and your staff for the hard work you've done on Medicare subvention. Without it, we wouldn't be where we are today. We wouldn't be having these hearings, and the work that—we just wouldn't have had the work done over here. And we know that you have a short window to act, and we don't want to slow it down. We want to make sure that it moves, but we also want you to know what we would like in the legislation if possible. Virginia covered many of them, and there are a few others that I would like to mention.

First, we would like to recommend more test sites. There's a cap of \$65 million in the program, and that number is not magic. We would like to see that cap raised. I don't believe it has anything to do with the deficit. I believe it can be done without reducing the deficit, even without reducing the size of the defense budgets, and expand it beyond five sites.

We would like to see sites away from medical treatment facilities as well, so that the contractor could act as a primary care manager, because there are going to be a lot of places that TRICARE Prime is in place, we hope, where they are not MTF's.

We agree with Virginia, we need to protect the Medicare eligibles. We want them to be able to get their—if they give up their MediGap policy in order to sign up for this program, we'd like for them to be able to pick that MediGap policy back up if they opt out of the program.

We would also like to see the TRICARE Prime enrollment fee waived for Medicare eligibles who have part B. Right now, they will waive it for the first year, and no guarantee for the out years. Disabled retirees right now must pay for Medicare part B to participate as CHAMPUS's second payer, or TRICARE Prime. They also have to pay the enrollment fee. This is not the way it's done with Medicare HMO's, civilian Medicare HMO's. We'd like the same characteristic applied here.

We also believe that the 3-year test, which can also be extended another 18 months, is too long. We would like a provision that would allow—first of all, the first report on the progress report concerning the test should be 6 months rather than 1 year, and there should be a provision to end the test period and go ahead and implement once Congress and the administration decides that we've got a money saver here, and we can move ahead. We're concerned that this 3-year test period is just going to be an excuse to delay.

We also are interested in other features that should be incorporated as we proceed; and therefore, we believe that the legislation doesn't restrict the opportunity to test innovative ideas. In fact, we urge you to include language that will assure both Health and Human Services and DOD that you encourage testing initiatives.

This is a test. That's what it should be, and if some good ideas come along that should be tested, they ought to be incorporated

into it. One such test of course is the fee for service option which we believe should be available. For those retirees who don't want to give up their Medicare benefit except as part of the TRICARE Prime Program, they should be allowed to use their Medicare benefit in military treatment facilities, and allow the military treatment facility to bill them.

The Veterans' Administration has also proposed legislation on a Medicare demonstration test. It includes a fee for service option test. We believe that our program should do so as well.

And some of our members have said, "Look, I like Medicare just like it is. I'm in a civilian Medicare HMO, I don't want anything to do with this." They want assurances that they will never be required to participate in this program, because they are in satisfactory plans, and they don't want any requirement, and they want choices and options, and we would hope that that thought is kept as we go along.

Now, in the course of our Medicare subvention campaign, some officials have asked if enacting Medicare subvention will settle the issue once and for all. And our answer is no. As Virginia says, this is one element of the military health system that should be fixed but it doesn't completely solve the problem. It takes care of those who are in an MTF area who can enroll in TRICARE Prime. It does not take care of those where networks cannot be set up, and we would like to see the test program concerning the Federal Employees Health Benefit Program put into place.

All of the alliances and associations agree with this except one, the Noncommissioned Officers Association. All the others think that it should be done, and we recommend that it be done, either as part of the appropriations bill as a test, or in some other way.

Finally, Mr. Chairman, military beneficiaries want choice and flexibility in their health program. Some like HMO's, some like the freedom of a fee for service system, some like the options provided by provider organizations. They want freedom to choose. We think it's in the best interest of the Department of Defense to give them this choice. It means they have other options. It means DOD is going to have to offer a good program, it will offer incentives for a good program, and we believe it can be done without sacrificing cost effectiveness, and we thank you very much for this opportunity to testify.

[The prepared statement of Colonel Partridge follows:]

THE NATIONAL MILITARY/VETERANS ALLIANCE

PHONE (703) 750-2568 • FAX (301) 899-8136

STATEMENT

BEFORE THE

SUBCOMMITTEE ON

MILITARY PERSONNEL

COMMITTEE ON NATIONAL SECURITY

U.S. HOUSE OF REPRESENTATIVES

BY

**COLONEL CHARLES C. PARTRIDGE, U.S. ARMY (RETIRED)
NATIONAL ASSOCIATION FOR UNIFORMED SERVICES**

AND

**CHIEF MASTER SERGEANT JAMES LOKOVIC, USAF (RETIRED)
AIR FORCE SERGEANTS ASSOCIATION**

6 SEPTEMBER 1996

Mr. Chairman and distinguished members of the Committee, the National Military and Veterans Alliance would like to express its appreciation to you for holding these important hearings. The testimony provided here represents the collective views of our members.

The Alliance includes 13 military and veterans organizations. These organizations represent over 3,500,000 members of the seven uniformed services, officer and enlisted, active duty, reserve, National Guard and retired plus their families and survivors. These organizations are listed below:

Air Force Sergeants Association	Naval Enlisted Reserve Association
American Military Retirees Association	Naval Reserve Association
American Retirees Association	Non Commissioned Officers Assn
Korean War Veterans Association	Tragedy Assistance Prog for Survivors
Military Order of the Purple Heart	Veterans of Foreign Wars
Military Order of the World Wars	Women Marine Association
National Assn for Uniformed Services	

Surveys of military personnel and their families consistently show that medical care along with adequate pay and inflation protected retired pay and commissaries are the top concerns of the military community. In fact, with base and hospital closures and reductions in medical personnel, the increasing lack of available health care is a major concern to active and retired personnel alike.

The promise of lifetime medical care for career service members, their families and survivors is contained in law and tradition and dates back to the 18th century. Later, in 1885 the 48th Congress provided in a War Department Appropriations Bill that, "The Medical Officer of the Army and Contract Surgeon shall, whenever practicable, attend the families of officers and soldiers free of charge."

Prior to the early 1950s the promise to provide military medical care for retired military personnel was not questioned because throughout their military careers and in retirement, medical care was provided in military treatment facilities for personnel who

could use those facilities. During the early 1950s and since that time the services used the lifetime promise of free medical care as a recruitment and retention incentive for the large military force required to fight the Cold War.

In 1956 Congress made space available medical care an entitlement for active duty dependents by the enactment of The Dependents' Medical Care Act (P.L. 84-569; June 7, 1956; 70 Stat. 250). Authority was also provided to care for retirees and their dependents at these facilities (without entitlement) on a space available basis.

Also in 1956, Congress concluded that the direct care medical system was inadequate to care for the dependents of active duty personnel and enacted legislation authorizing the defense department to contract with private sources to supplement the inadequate in-house care for dependents of active duty members who due to travel distances or other reasons could not use MTFs. This was the forerunner of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) enacted by Congress to be effective in 1967. With the enactment of CHAMPUS, military retirees, their families and survivors were included.

The CHAMPUS program was designed to provide a quality health care benefit comparable to "Federal Employees Health Benefits Program hi-option Blue Cross/Blue Shield or hi-option Aetna health insurance", (The Military Medical Act, P.L. 89-614).

- CHAMPUS required the Defense Department to pay 80 percent of medical costs for active duty dependents and 75 percent of the cost for retired members under age 65, and their dependents. CHAMPUS beneficiaries were required to pay the remaining balance of the cost of the medical care they received from private sector providers.

- Changes in the CHAMPUS program over the years have been disastrous for beneficiaries. In many areas, physicians consider CHAMPUS beneficiaries as charity patients. This is embarrassing and insulting to our military personnel and their families.

Exhibit A is an extract of some of the promises made in recruiting and retention literature over the years. Despite these promises, the availability of health care continues to be a problem. Deep cuts in both military and civilian medical personnel have left military medical treatment facilities (MTFs) severely understaffed. Physicians are preparing examining rooms and performing administrative tasks which means they see fewer patients than do private sector physicians who have adequate nursing and administrative help available to them. Meantime, patients not seen in MTFs must be referred to more expensive CHAMPUS or *TRICARE* contractor care.

To correct the problem facing military medical beneficiaries today no single option will solve the problem of providing medical care to DoD's diverse beneficiary population. However, improving access to cost effective, top quality care while meeting wartime training and mobilization requirements can be accomplished at reasonable cost. The proposal we have been asked to comment on today is:

Medicare Reimbursement (Subvention)

The promise of lifetime medical care in exchange for a career of military service has been proven and acknowledged. Despite this, military retirees, their families and survivors are the only Federal employees who lose their entitlement to medical care from their employer at age 65 upon becoming eligible for Medicare. This is age discrimination on a huge scale which disenfranchises hundreds of thousands of retired veterans and their families.

Retirees especially resent the fact that after earning what they thought was free lifetime medical care by a military career of 20 to 35 years they are now being turned away from that care. They cannot use a military hospital with Medicare paying part of the costs even though they paid mandatory Medicare payroll deductions from their active duty military pay since January 1, 1957, and most of them participate in Medicare Part B paying \$42.50 per month or \$510 per year per person. In addition, many have purchased Medigap supplemental policies at \$100 or more per month or \$1200 per year. The ultimate irony is that the MTFs bill their Medicare supplemental

insurance plan but not the basic Medicare benefit.

Over the past two decades the Congress and various Administrations have expressed interest in requiring the Health Care Financing Administration (HCFA) which administers the Medicare Trust Fund to reimburse the military treatment facilities for care given to Medicare-eligible beneficiaries.

In 1995, Dr. Joseph, ASD(HA) and Dr. Bruce Vladeck, Director, HCFA, agreed to conduct a joint DoD/HCFA HMO Medicare Demonstration Project. Unfortunately, the Department of Health and Human Services perceived legal restrictions which prevented these agencies from conducting the test without legislation.

Senator Gramm introduced legislation calling for a demonstration project S. 1487; shortly thereafter, Senator Dole introduced S. 1639. Companion bills were introduced by Representatives Hefley H.R. 3142 and J.C. Watts, H.R. 3151. These bills followed earlier legislation by Representatives Cunningham and Hefley which would have provided for Medicare reimbursement. In June of this year President Clinton, in a meeting with The National Military/Veterans Alliance and other association representatives, expressed the determination to "make a Medicare reimbursement demonstration project happen". Even with this clear direction, objections and delays by the Department of Health and Human Services have slowed progress and forced compromises by the Department of Defense that are not in the best interests of beneficiaries. In addition, cost analyses by CBO have inhibited development of a demonstration project that will meet the needs of military beneficiaries. However, congressional support has been made abundantly clear (See Exhibit B). We know this committee has long supported Medicare reimbursement and we urge you to support a demonstration project. There are features which we believe should be incorporated into Medicare subvention as the demonstration proceeds. We understand that DoD and HCFA have worked for over a year on this and have a carefully structured plan. We understand the need for each Department to represent its interests. However, this demonstration and departmental considerations should not be used to rule out innovations that could improve care for beneficiaries and provide beneficiaries with

choice and flexibility. Therefore, Congress should ensure that legislation does not restrict the opportunity to test innovative ideas and in fact we urge you to include language that would assure both HHS and DoD that you encourage testing innovative solutions and that they have the authority to do so.

Some features which we recommend be incorporated into Medicare subvention include:

- A fee-for-service option. The current demonstration would limit participation to those who are willing to give up their Medicare benefit except as part of the DoD TRICARE-Prime program. We believe those who do not want to enroll in TRICARE-Prime should be allowed to use military treatment facilities on a space available basis and the MTF should be allowed to bill Medicare for treatment at a DoD/HCFA negotiated rate.
- Waive TRICARE-Prime enrollment fee for Medicare eligibles. Currently, Medicare HMOs require no enrollment fee for beneficiaries. We believe "fee stacking" by requiring participation in Part B Medicare and payment of TRICARE enrollment fees will place the TRICARE-Prime out of reach for some beneficiaries. A couple would pay \$1,020 for Medicare Part B plus \$460 for the enrollment fee for a total of \$1,480 per year. This would be before co-payments and other fees required under the TRICARE program.
- Solve Medicare Part B premium problems. Waive Medicare Part B penalties for Medicare eligibles who do not have Medicare Part B, but would like to enroll in Part B and participate in the joint DoD/Medicare demonstration project.
- Authorize TRICARE-Prime network contractors to act as Primary Care Managers for Medicare eligible beneficiaries. Currently DoD believes that to do so would require rebidding the TRICARE contract. For purposes of the demonstration project, the requirement to rebid the contract should be waived so that the subvention concept can be tested in areas where there are no MTFs. Unless this is done, there will be no test involving contractors as PCMs in areas outside of MTF

catchment areas.

- Ensure that Medicare eligible beneficiary enrollees are given the same priority care that other enrollees receive.
- Include authority for all uniformed services Medicare eligibles to participate, not just those of the Armed Services.
- Provide clear guidance and safeguards to make participation in the demonstration and any follow-up program completely voluntary. Some retirees are in satisfactory health care programs and would object to any provision that would require participation in a Medicare subvention program.

In the course of our Medicare subvention campaign some officials have asked if enacting Medicare subvention will settle the military medical care issue. The answer is no. It is one element of the military health care system that should be fixed but it does not completely solve the problem.

Medicare subvention will benefit some 35% of Medicare eligible beneficiaries. However, 65% will receive no benefit. For this huge majority of older military retirees and their families, there is no military medical benefit despite the promises. Therefore, in addition to Medicare subvention, military retirees need a solution not tied to location of MTFs nor dependent on DoD's ability to set up managed care networks. Such a solution exists. It has been proven to be cost effective and it's beneficiaries are satisfied with it. That is the Federal Employees Health Benefits Program. The Alliance (except the Non Commissioned Officers Association) strongly recommends that retired military beneficiaries be allowed to participate in FEHBP as an option.

Mr. Chairman, military beneficiaries want choice and flexibility in their health program. Some like HMOs, some like the freedom of a fee-for-service system, some like the options provided by preferred provider organizations. They want the freedom to choose as other federal employees have. We believe it can be done without

sacrificing cost effectiveness.

Finally, the Military/Veterans Alliance thanks this committee for its support of Medicare reimbursement, for holding this hearing and its interest and concern for our service members, their families and survivors.

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Special Health Care—Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement.

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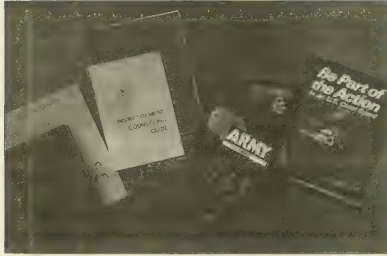


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MILITARY MEDICAL CARE PROMISES

Army Recruiting Brochure, "Superb Health Care. Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active Federal service to earn your retirement." [RPI 909, November 1991 U.S.G.P.O. 1992 643-711]

Life in the Marine Corps, p. 36. "Benefits...should you decide to make a career of the Corps, the benefits don't stop when you retire. In addition to medical and commissary privileges, you'll receive excellent retired pay..."

Guide for Educators and Advisors of Student Marines, p. 35. "Retired Marines are generally eligible to receive any type of health and dental care at those facilities provided for active duty personnel."

Navy Guide for Retired Personnel and Their Families, p. 51 "Covered under the Uniformed Services Health Benefits Program (USHBP) are retired members, dependents of retired members and survivors of deceased active duty or retired members. This care is available anywhere in the world either in a uniformed services medical facility (meaning Army, Navy, Air Force and certain Public Health Service facilities) and under the part of the USHBP called CHAMPUS." [NAVPERS 15891D November 1974]

The Bluejackets Manual, p. 257. "What Navy Retirement means to you - pay. Continued medical care for you and your dependents in government facilities." [1969]

Air Force Preretirement Counseling Guide, Chapter 5 Medical Care 5-2f. "One very important point, you never lose your eligibility for treatment in military hospitals and clinics." [1 April 1986]

Air Force Guide for Retired Personnel, Chapter 1. "Treatment authorized. Eligible retired members will be furnished required medical and dental care." [1 April 1962]

United States Coast Guard Career Information Guide, USGPO. "Retirement...You continue to receive free medical and dental treatment for yourself plus medical care for dependents." [1991]

U.S. Coast Guard Pamphlet Be Part of the Action, "Reap the Rewards...You can earn retirement benefits - like retirement income...Plus medical, dental care..." [1993]

Hearings on CHAMPUS and Military Health Care, HASC No. 93-70, 93rd Congress "...the government has a clear moral obligation to provide medical care to retired personnel and their dependents...this Committee has found numerous examples of recruitment and retention literature which pledged...medical care for the man and his family following retirement." [Oct-Nov 1974]

EXHIBIT B

MEDICARE REIMBURSEMENT (SUBVENTION)

I. On 23 March 1995, Dr. Stephen C. Joseph, M.D., M.P.H., Assistant Secretary of Defense (Health Affairs) before the Subcommittee on Personnel, Committee on Armed Services, United States Senate, made the following statement in his testimony...

“With continuing reductions in military medical facilities and end-strength, our ‘space available’ will decline. As this occurs, there is little doubt that our Medicare-eligible patients will be forced to seek care from civilian providers under the Medicare system. First, this may turn out to be more costly for the government. Second, we believe there is a moral obligation for DoD to care for these former members of the Armed Forces and their families and survivors. Third, this older group of patients presents the wealth of clinical workload needed by our military medical personnel to maintain their skills for readiness missions.”

II. Over the past years Congress has expressed interest in requiring the Health Care Financing Administration (HCFA) which administers the Medicare Trust Fund to reimburse the military treatment facilities for care given to Medicare-eligible beneficiaries. The following are two recent examples:

- Sec. 726, FY93 National Defense Authorization Act (P.L. 102-284):

“It is the sense of Congress that-

- (1) members and former members of the uniformed services, and their survivors, should have access to health care under the health care delivery system of the uniformed services regardless of the age or

health care status of the person seeking the health care;

- (2) such health care delivery system should include a comprehensive managed care plan;
- (3) the comprehensive managed care plan should involve medical personnel of the uniformed services (including reserve component personnel), civilian health care professionals of the executive agency of such uniformed services, medical treatment facilities of the uniformed services, contract health care personnel, and the Medicare system;
- (4) the Secretary of Defense, the Secretary of Health and Human Services, and the Secretary of Transportation should continue to provide active duty personnel of the uniformed services with free care in medical treatment facilities of the uniformed services and to provide the other personnel referred to in paragraph (1) with health care at reasonable cost to the recipient of the care; and
- (5) the Secretaries referred to in paragraph (4) should examine additional health care options for the personnel referred to in paragraph (1) including, in the case of persons eligible for Medicare under title XVIII of the Social Security Act, options providing for-
 - (A) the reimbursement of the Department of Defense by the Secretary of Health and Human Services for health care services provided such personnel at medical treatment facilities of the Department of Defense; and
 - (B) the sharing of the payment of the cost of contract health care by the Department of Defense and the Department of Health and Human Services, with one such department being the primary payer of such costs and the other such department being the secondary payer of such

costs.”

- Sec. 718, FY96 National Defense Authorization Act (P.L. 104-106)
 “Sense of the Congress Regarding Access to Health Care Under
 TRICARE Program for Covered Beneficiaries Who are Medicare
 Eligible.

(a) Findings - Congress finds the following:

- (1) Medical care provided in facilities of the uniformed services is generally less expensive to the Federal Government than the same care provided at Government expense in the private sector.
- (2) Covered beneficiaries under the military health care provisions of chapter 55, United States Code, who are eligible for Medicare under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) deserve health care options that empower them to choose the health plan that best fits their needs.

(b) SENSE OF CONGRESS - In light of the findings specified in subsection (a), it is the sense of Congress that-

- (1) the Secretary of Defense should develop a program to ensure that such covered beneficiaries who reside in a region in which the TRICARE program has been implemented continue to have adequate access to health care services after the implementation of the TRICARE program; and
- (2) as a means of ensuring such access, the budget for fiscal year 1997 submitted by the President under section 1105 of title 31, United States Code, should provide for reimbursement by the Health Care Financing Administration to the Department of Defense for health care services provided to such covered beneficiaries in medical treatment facilities of the Department of Defense.”

Mr. DORNAN. Thank you very much, Mr. Partridge.

Mr. Pickett, start the questioning.

Mr. PICKETT. Thank you, Mr. Chairman. One of the issues that's been raised here has to do with those uniformed services that don't fall under the military departments and it might be helpful if we could get a little bit more information on the record concerning these groups. I know that the U.S. Public Health Service Commission Corps is one of these.

Commander Lord, do you want to bring us up to date a little bit on how this fits into the subvention program, and why these groups should be brought in with the military groups?

Commander LORD. I'd be pleased to, Mr. Pickett. Thank you.

The Commissioned Corps of the Public Health Service is one of the seven uniformed services, and I would say rivals the NOAA corps as being perhaps among the least known. Both the NOAA corps and the Commissioned Corps of the Public Health Service receive under title 10 the same benefits to health care that's available to the other military services.

What happens on occasion is the term more narrowly—the term “armed services” or “military” is used, and it's more constricting rather than the “uniformed services” term.

And actually, title 10, section 1072, defines “uniformed services” as including the NOAA corps and the Commissioned Corps of the Public Health Service, and then throughout title 10 when health care issues are addressed, the term “uniformed service” is therefore used.

I don't want to digress, but there are about 6,150 members of the Commissioned Corps serving throughout the country, and they serve in the eight agencies of the Public Health Service, the Bureau of Prisons, the Coast Guard, where they provide all the uniformed health care to the Coast Guard, and so they are all over the place out there, and a lot of them are located around military facilities, and they do use and receive the benefit. And so we'd certainly like to see them included when this demonstration program is written into law.

Mr. PICKETT. The other question I have has to do with maybe bringing other health care issues, the one that was mentioned about the FEHBP operation, and things of that kind, bringing them into this piece of legislation. This venture—it may be that we've had such a difficult time getting to the point where we are with the issue of subvention that perhaps it might be prudent not to complicate this bill too much, because it may make it a little bit less likely that it would get passed; and I would like to have each of your views on that issue.

Colonel PARTRIDGE. We would certainly not suggest that it be a part of this legislation. We understand that you are on a fast track and we've got agreement here. We would not want to complicate it by bringing in something like that on this particular piece of legislation.

Mr. PICKETT. Ms. Torsch.

Lieutenant Commander TORSCH. Yes, sir, I share—we share his views on that. I think the intent is just to ask the committee's support for other pieces of legislation that might come forth. We have a lot of constituents who have said that Medicare subvention isn't

going to do much for them, and we have assured them that there are other avenues, including the FPHBP Program that are being considered by other means; and certainly, we don't intend that it be part of this bill. I agree with you that it would be way too complicated. But simply that when Chairman Young introduces this, and the committee has the opportunity, perhaps they could support that as well in a separate vehicle.

Commander LORD. Mr. Pickett, I concur with the other two witnesses that we would overly complicate matters just a little more than 2 weeks short of the end of the congressional term, and we probably need to move forward with subvention which will take a lot of effort just to do that in the next couple of weeks. However, it's important to note, and the reason we mention it at all is, subvention at best will affect about 30 percent of the Medicare eligible retirees, and so we do need another option which is where we think FEHBP can come in, and we need to continue on that track independent of the subvention effort.

Mr. PICKETT. Master Sergeant.

Chief Master Sergeant LOKOVIC. Mr. Pickett, yes, we agree with that, of course. I think we need to move on and get a demonstration program going, and hopefully get to full Medicare subvention. But the underlying statement behind Ms. Torsch's statement earlier was that it is a limited coverage for a limited group of an entire whole that was promised lifetime health care, and we invite this committee and others to focus on any legislation that comes up that's going to help fill that gap.

Mr. PICKETT. Have any of your organizations that you're speaking for here today had occasion to conduct studies and make estimates of the potential costs of the relationship between what's being paid now, and what might be paid in the future if we move to the subvention program?

Chief Master Sergeant LOKOVIC. From the phone calls that we have gotten, the limited analysis that we've done through the coalition and the alliance, overall, this is going to save money; it's not going to cost. And there are a number of different ways that people have looked at it, not only looking at something that's done within the military system. It's far more controlled than under Medicare where you go to a hospital and you can get into waste and a lot of other things that we can talk about. The military medical system is a far more controlled environment. We believe that same or superior care can be delivered and will save money at the same time. So I don't think that cost is going to be a factor.

Mr. PICKETT. Anyone else want to comment on that?

Colonel PARTRIDGE. I believe the problem is the costing mechanism; and it may be the way the law is written with the budget analyst, where it mixes the Medicare funds with the discretionary funds. I think that's where the problem is.

Our view is: the net result is you're going to save the taxpayer money. And it will save the Department of Defense money, and it will save Medicare money. And the problem is—and it may be the law or however CBO scores it—but that seems to be the problem, not the fact that the net result is going to be a saving. You can get a broken arm repaired for say 97 cents on the dollar in a military treatment facility, that's a saving of 3 or 4 percent; and the

fact that it's some different kind of—our concern is because it's some different kind of money, there may be a stumbling block put in the way there. Net, though, it's going to save money.

Mr. PICKETT. On the issue of the coverage, you recall that Dr. Joseph mentioned that the plans now are to implement the subvention demonstration project only in those areas where there's an up and running TRICARE Program; and how do you all feel about that, and do you believe that perhaps as the other regions come on line with a working TRICARE Program that the demonstration project should be expanded to include at least one site in each of the regions?

Colonel PARTRIDGE. Absolutely. We think that should be the case, and it should be some sites where there are no MTF's, so that we can test this with one of the TRICARE prime contractors—part of the TRICARE prime network operating and see what these costs are. Absolutely, we believe that. I don't see any reason to limit it. I don't even see the logistical reason for limiting it. Especially with the controls that they have in terms of looking at expenditures; they'll be able to regulate it so that it won't cost money.

Mr. PICKETT. One of you in your testimony mentioned the issue of making certain that we don't get into a situation where retired Medicare eligibles are required to get into this program if they are happy and satisfied with the Medicare the way it normally is provided to cover beneficiaries and don't want to change, that they won't be compelled to change, is that—

Lieutenant Commander TORSCH. Oh, absolutely. We feel strongly that this should be a choice only, because we have had a number of phone calls from people saying, "I'm very happy with my Medicare HMO, I don't want to change;" and we've always stressed that this is only an option. It affords those who want to stay with TRICARE Prime, or who are very comfortable with the military health care system to continue to use that after they reach the age of 65.

Mr. PICKETT. Anyone else want to comment on that?

Commander LORD. I just concur with that, Mr. Pickett. We want to make sure this is a choice opportunity here.

Chief Master Sergeant LOKOVIC. We have had, Mr. Pickett, a number of phone calls that have come in and said:

This is good in some areas. This demonstration test, for example, sir, is going to tell us how well it works in those areas where we test it. It's not going to tell us how well Medicare subvention is going to work in the outlying areas that don't have a base around them. In fact, it probably won't help.

But we've had people call and say:

That may be good there, but don't mess with my current setup. I have a CHAMPUS supplemental program, New Horizons, and I'm very happy with it. So please keep it optional.

And so we would concur with that.

Mr. PICKETT. All right. Mr. Chairman, that's all the questions I'm going to ask at this point. I don't want to cut you out of your share of questions.

Mr. DORNAN. No; I was going to look to the future, Mr. Pickett, and see if I can create a heads up for you and for me for early next year.

If any of the distinguished panelists want to take advantage of this opportunity, we're looking very hard. I talked to the leadership to find the vehicle to put this on when we mark it up tomorrow morning at 10 a.m. We're marking up very little; and however, every other committee on the Hill is marking up final last minute, fine tuning bills, that they hope to salvage before we adjourn. I talked to Dick Armey, the majority leader, and he said that he's shooting very hard for a September 27 adjournment; but then he did hint that after all, he said it was October 4, so we have a buffer there. Well, that's a pretty good hint to me that we're not going to have to do this all in 2 weeks, but 3 weeks, starting after tomorrow, because we're out Friday.

I wonder if I could just take advantage of your expertise and ask is there anything else, chief, or colonel, or Mike, that you—and Virginia, that your groups handle that you think we should have hearings on early next year, like February, so that we're not trapped 2 years from now at the wrap up of the 105th Congress, the one to come. Anybody want to take a shot?

Colonel PARTRIDGE. I'll take one. Yes, sir; I would like to see a hearing on the potential for including the Federal Employee Health Benefit Plan as an option for military retirees. We are—Mr. Buyer mentioned in your absence that we were looking at a one major regional contingency [MRC] capability, which he said perhaps would result in the reduction in strength again in the Armed Forces. Once they cut the Armed Forces, they cut medical personnel as well. And when you cut the doctors and all, then you've cut out the capability to take care of people, and—

Mr. DORNAN. You hurt the retired when you reduce the number of active duty doctors, right?

Colonel PARTRIDGE. Yes, sir. You hurt the retirees as well when you reduce active duty doctors, and they cut funding along with it so that there are no options. They don't just take the people, they take the money with it, so there are no options to use that money to buy, and if you could, you buy less care because you can get more care in an MTF.

So we believe that we would like to see the medical funds protected if such an eventuality occurs. It shouldn't be considered for funds to be saved, but funds to be used to figure out some way to provide this medical care that we've committed to our military people and retirees. And I think the Federal Employee Health Plan is going to prove to be a cost effective operation there. We would like to see hearings on that early.

Mr. DORNAN. Well, Commander Hoffmeier, as you all know from dealing with her, is an expert in these issues, and she is listening very attentively. So we'll take that advice to do it early. And then I don't even think, do you, Mr. Pickett, that we'll have results on how we resolve this? It will take at least 1 full year, don't you think, to get some feedback on this?

Virginia, do you have anything on your organization's wish list that we ought to look at early?

Lieutenant Commander TORSCH. Well, I think I would echo Colonel Partridge's desire to have hearings held on the option for the Federal Employees Health Benefit Program for those who are age 65 and older.

Mr. DORNAN. Right. Mike Lord.

Commander LORD. Mr. Chairman, don't take the absence of something on the tip of my tongue as meaning that I can't think of something, but at this particular moment, I can't. And of course, from my own organization, we fall under multiple jurisdictions, so there are other issues that would be appropriate for some of the other committees.

Mr. DORNAN. How many committees do you have to deal with? Just rattle off a few, not—

Commander LORD. Well, we deal with, to a degree I suppose, the Commerce Committee. In fact, they have overall jurisdiction over many of the issues that we deal with. You know, the appropriators when it comes to the Labor HHS bill, that's where our folks are funded primarily. And then, of course, I worry about the House National Security Committee because of the issues relative to the uniformed services. And of course several committees over on the Senate side. So we are spread out pretty far and wide. A lot of people have their opportunity to do something with us or for us.

Mr. DORNAN. The Surgeon General position is unoccupied, right?

Commander LORD. Unfortunately, it is, Mr. Chairman. And that is the leader of the commissioned corps, and that's an issue I hope we get resolved after the election.

Mr. DORNAN. Right. Was there any legislation to abolish the position and put it back under the Secretary of Health and HHS?

Commander LORD. There was some, and frankly, sir, that was one of the issues we dealt with—that I dealt with in my last year. I think the concern was it became too political. Our view is the law as it's currently written, says the Surgeon General shall be chosen from the corps. If it was enforced the way it was written, we wouldn't worry about politics, we'd have somebody—you wouldn't take a Chief of Naval Operations from—

Mr. DORNAN. I forgot about that. That's all we have to do is follow the written law. Well, that is—you did stumble on something that should be addressed in February, as far away as we can get away from November 1998, as far as away from election to solve that.

Commander LORD. Yes, sir.

Mr. DORNAN. All right. Chief, did you have any final thoughts on something that—

Chief Master Sergeant LOKOVIC. Yes, sir, I do. And since you opened this up, I'd like to hit you with a macro, and that would be—and something that we've talked about before, and I know this committee is interested in—I would like to see us bury once and for all what a military retiree's entitlement is. It won't help us, but it will certainly help the kids in the future that come in and hit reenlistment the first time, and are told, "If you reenlist, this is what you're going to get."

And I don't think it's beyond the power of Congress to be able to say, "Let's put together some kind of a contract so if you come in and you make it a career, this is what you can expect." That doesn't say let's say you're going to have lifetime care, or you're going to have lifetime commissary, let's say what we can promise if we're going to promise anything at all and use it as a carrot to entice people into making it a career. I think we could do that.

Mr. DORNAN. Well, with additional recruits—and I remember at that time thinking that I was going to live forever, too—they tend to think more about education. They are looking at their mid- to late-twenties. But you're right. For re-upping, we should be able to have it clearly written down what they are getting, and then stick to it, since we started off talking about promises made and promises kept.

All right. I have no concluding remarks, unless Mr. Pickett does—

Lieutenant Commander TORSCH. Mr. Chairman?

Mr. DORNAN. Yes.

Lieutenant Commander TORSCH. May I add one more thing that we might want to look at, and I'm not sure how critical it is at this juncture, but we understand that as far as the contractual process goes for TRICARE that DOD is considering some changes in that.

Before they do that—for example, they are thinking about going to 12 contracts for 12 regions rather than just 7 for 12 regions, and for a shorter length of time—I think it might be helpful to closely examine the impact that might have on the changeover on beneficiaries and quality control issues. We are obviously concerned about that as well for the impact. We've seen some negative impact every time they change the contract in a region, and if they were to do that on a more frequent basis, it might have an impact on quality of care.

Mr. DORNAN. Well, I understand from Ms. Hoffmeier that they are thinking about it, but at this point, it's just a thought.

Lieutenant Commander TORSCH. Yes.

Mr. DORNAN. All right. Thank you very, very, much. It was a fascinating panel. You cleared up a lot of thoughts, and let's hope that all of your best advice finds its way into public law.

Thank you very much. The subcommittee is adjourned.

[Whereupon, at 4:43 p.m., the subcommittee was adjourned.]

[The following prepared statements and documents were submitted for the record:]

**STATEMENTS AND/OR
QUESTIONS
SUBMITTED
FOR THE
RECORD**

**HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON PERSONNEL
SEPTEMBER 6, 1996
MEDICARE SUBVENTION HEARINGS
MR. THORNBERRY
QUESTIONS 1 THROUGH 7**

Question #1: What is the total number of living U.S. military retirees? How many of those use military treatment facilities for any health care services? How many of those use military treatment facilities as their primary health care service provider? How many of those do not use military treatment facilities for any health care services?

Answer: The total number of medically eligible retirees and their family members in the United States for FY97 is 3.9 million. About 1 million or 26% of this population is also eligible for Medicare (Source: Resource Analysis and Planning System version 9.1). Our current information systems do not collect data at the individual patient level for ambulatory care that would enable us to determine how many of the retirees and their family members use military treatment facilities (MTF) for any health care services or do not use the MTFs for any health care services.

However, DoD conducts semi-annual surveys to estimate full time equivalent (FTE) reliant users for a capitation based allocation system. The most recent surveys show that 65% of retirees and their family members under age 65 rely on the Military Health Services System (MHSS) for their health care. The MHSS includes both the MTF and CHAMPUS care. The same survey shows that 30.4% of the retirees and their dependents age 65 and over rely on the MHSS.

HOUSE NATIONAL SECURITY COMMITTEE
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SEPTEMBER 6, 1996
MEDICARE SUBVENTION HEARINGS
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QUESTIONS 1 THROUGH 7

Question #2: When will the numbers in the above answers reach their peak? If they have already peaked, in what year did that occur? What are the future projections?

Answer. According to the projected population data from the Resource Analysis and Planning System (RAPS version 9.1), the retiree and their family members count continues to increase in the future. The table below provides the projections to the year 2003.

Projected U.S. MHSS Eligible Population
Retirees and their Family Members
FY1995 - FY2003

FY	Beneficiary Category	Total Eligible	Medicare Eligible
1995	Retirees & Family Members	3867983	940605
1996	Retirees & Family Members	3899949	985703
1997	Retirees & Family Members	3923968	1030587
1998	Retirees & Family Members	3943533	1068195
1999	Retirees & Family Members	3961365	1099181
2000	Retirees & Family Members	3979346	1123917
2001	Retirees & Family Members	3997851	1145202
2002	Retirees & Family Members	4017746	1164453
2003	Retirees & Family Members	4039815	1178538

**HOUSE NATIONAL SECURITY COMMITTEE
SUBCOMMITTEE ON PERSONNEL
SEPTEMBER 6, 1996
MEDICARE SUBVENTION HEARINGS
MR. THORNBERRY
QUESTIONS 1 THROUGH 7**

Question #3: What percentage of the existing Department of Defense (DoD) health care facilities, health care personnel, and health care budget are required to meet the health care requirements of active duty personnel and their dependents?

Answer: Approximately 50% of the inpatient care provided in the Military Health Services System, i.e., in military facilities, in USF facilities, and in the CHAMPUS program, is for the active duty personnel and their dependents. This estimate is based on using Diagnosis Related Groups (DRGs) and Relative Weighted Products (RWPs) which measure the resource intensity of the care provided in the inpatient care setting.

Because there currently is no similar measure for ambulatory care, we assume the active duty personnel and their dependents consume a similar percentage of the health care resource in the outpatient care setting.

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MEDICARE SUBVENTION HEARINGS
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QUESTIONS 4 THROUGH 7

Question 4: Please provide a list of physicians participating in TRICARE Region 6.

Answer: There are currently 14,312 network providers in Region 6. Attached is a list of participating providers in the San Antonio area, the largest portion of the Region designated for inclusion in the demonstration project under the HCFA/DoD Agreement.

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Question 5: Please describe the roles other health care providers, including the VA, USTFs, TRICARE, and other civilian physicians would play in DoD's proposed Medicare subvention demonstration project.

Answer: Members of the managed care support contractor's provider network would participate in the Medicare demonstration in the same manner that they participate in TRICARE Prime. When services are not available at the military treatment facility (MTF), a demonstration project enrollee would be referred to a network provider for care. VA medical facilities would participate in the demonstration to the extent that they have made network provider agreements with the TRICARE managed care support contractors in the demonstration areas. Since the existing TRICARE Prime health care delivery system would be used exclusively to carry out the demonstration, it is not expected that Uniformed Services Treatment Facilities (USTFs) would participate in the initial phase of demonstration. However, during its first review of the demonstration program operations, the Department would consider the possibility of USTF participation.

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Question 6: What steps is the DoD proposing to make sure the Medicare subvention demonstration project will provide information that would be representative of a nationwide program?

Answer: The demonstration project would be conducted at selected MTFs in TRICARE Regions 6 and 11. In Region 6, the demonstration would cover four sites (San Antonio, because of its two medical centers as well as freestanding clinics, and three other sites). In Region 11, the demonstration would be conducted in the Madigan Army Medical Center-Naval Hospital Bremerton area.

Conducting the demonstration project in Regions 6 and 11 would ensure a large enough beneficiary sample from which DoD and the Health Care Financing Administration (HCFA) could draw conclusions about the performance of the project, including whether the project could be expanded nationwide. Also, by operating in two regions of differing demographics, health care delivery systems, and health care markets, the demonstration could give a truer picture of how such a program would operate nationally than would a program which included only one test site.

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MR. THORNBERRY
QUESTIONS 4 THROUGH 7**

Question 7: You have acknowledged that Medicare subvention will only affect up to 35% of military retirees. What is your plan to meet the health care needs of the rest?

Answer: The remaining 65% of Medicare-eligible military retirees reside outside the catchment areas of the military treatment facilities (MTFs) designated for participation in the demonstration project and therefore, would not be eligible to enroll in the program. Medicare-eligible beneficiaries not participating in the demonstration would still be eligible to receive care in (MTFs) on a space-available basis, obtain pharmaceuticals at MTF pharmacies at no personal cost, use TRICARE Service Center health information lines, and receive Health Care Finder assistance in accessing TRICARE network providers who also accept Medicare assignment. The Department also expects that a successful Medicare subvention demonstration project would lead to its implementation nationwide, allowing DoD to offer full participation in the TRICARE program for virtually all Medicare-eligible retirees.



SAN ANTONIO

TRICARE SAN ANTONIO

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IMPORTANT

The following information is provided to assist you in making an informed decision as to how to best utilize the TRICARE Program to meet your health care needs. Please read this information before making a decision regarding selection of a Primary Care Manager if enrolling in TRICARE Prime or obtaining care from a Network Provider.

TRICARE - The Provider Network

The TRICARE Prime and Extra provider network has been developed to provide you with access to quality local military and civilian hospitals, physicians and other health care providers. The providers listed in this directory have been chosen for their commitment to provide quality health care and they have agreed to provide services to you at a lower cost. TRICARE Prime and TRICARE Extra providers are a key element of the TRICARE program in the states of Texas, Louisiana, Arkansas and Oklahoma. This area is referred to as TRICARE Southwest, or Region 6.

The contractor responsible for the TRICARE civilian network in the TRICARE Southwest Region is Foundation Health Federal Services, Inc., with headquarters located in Rancho Cordova, California. The TRICARE Regional Office is located at 7800 Interstate Highway 10 West, Suite 300, San Antonio, Texas 78230.

If you decide to enroll in TRICARE Prime and select a Primary Care Manager, or choose to utilize network providers under TRICARE Extra, services are provided through a contracted provider network. **If you choose to participate in TRICARE Extra and use Extra only providers, all time and travel standards are waived.***

If you have questions about the TRICARE program, please call **1-800-406-2832** or visit the nearest TRICARE Service Center. A listing of TRICARE Service Centers (TSCs) is on pages 9 and 10.

Availability of Providers

This provider directory lists network providers who have agreed to participate in the TRICARE Prime and Extra programs. Most Medical Treatment Facilities (MTFs) have established themselves as Primary Care Managers (PCMs) for TRICARE Prime members in the TRICARE Southwest Region. MTF Commanders may require that only MTF providers be selected as PCMs for those who elect to enroll in TRICARE Prime and who reside in the MTF ZIP Code area of responsibility (catchment area). Please contact your TRICARE Service Center to inquire about the MTF criteria for PCM selection. If you need assistance with your PCM selection or have any questions, please contact the TSC or call **1-800-406-2832**.

Please note that at the time of printing, we attempt to ensure that the TRICARE Prime and Extra Provider Directories are current. However, these are subject to change, as new providers join the program or existing providers terminate. In addition to providers changing their participatory status, some Primary Care Managers may, at times, close their practices to new patient enrollment. This open/closed practice philosophy allows a Primary Care Manager to dedicate his or her time in the most effective manner, thus ensuring all patients receive the best possible care. The continued participation of any one civilian doctor, hospital, or other civilian provider in the TRICARE program cannot be guaranteed. Changes to provider status will be made as updates to the directory and will be issued periodically.

If you have questions regarding your Primary Care Manager's status as a participating provider, or to need to inquire if the PCM is open to new patients, please contact the provider directly to verify current status. If you have questions about your MTF's status as a Primary Care Manager, please call your TRICARE Service Center.

Note: The providers in this directory also agree to accept Medicare assignment, with the exception of those listed with an asterisk. For additional information about referrals to Medicare providers, please contact your local Health Care Finder by telephone at **1-800-406-2832** or visit your TRICARE Service Center.

TRICARE Prime and Extra

TRICARE Prime and Extra providers are firmly committed to quality health care and beneficiary satisfaction. This network provides an extensive and well-rounded panel of doctors, hospitals, pharmacy, and ancillary services to serve those who enroll in TRICARE Prime or use TRICARE Extra. All of the providers participating in the TRICARE Prime and Extra network have agreed to accept a discounted amount from the CHAMPUS allowed for TRICARE beneficiaries.

TRICARE Prime

When you enroll in TRICARE Prime, you are assured of reasonable access to primary and specialty care, emergency rooms, hospitals and all necessary support services. However, please note that enrollment in TRICARE Prime does not guarantee you will not be required to use the MTF for your health care. Whether you are enrolled with a PCM in the civilian network or have a Military Treatment Facility (MTF) as your PCM, as a TRICARE Prime member, you may be referred to the MTF for specialty and inpatient hospital care when such care is available.

As an added benefit, TRICARE Prime also offers you the option to use non-network providers under the "Point-of-Service" (POS) option. You will be using the POS option if you obtain services from a provider other than your PCM, without having received a referral from the Health Care Finder or your PCM. In these instances, all provisions and requirements of TRICARE Standard will apply. In addition, you will be responsible for a significantly higher deductible and higher cost-shares.

TRICARE Extra

If you decide not to enroll in TRICARE Prime, you are encouraged to select any of the TRICARE providers listed in this directory. If you choose to utilize TRICARE Extra providers, all access/travel standards are waived. Simply select a doctor, hospital, specialist, or other provider and contact their office to schedule an appointment. You do not select a PCM or enroll in TRICARE Extra. If you do not enroll in TRICARE Prime and you seek treatment from a network provider, you will be taking advantage of the TRICARE Extra reduced cost-share which will lower your out-of-pocket health care expenses.

The Primary Care Manager (PCM)

A Primary Care Manager (PCM) is a civilian or MTF provider who assumes primary responsibility for providing and coordinating all of your health care needs. General Practice, Family Practice, Pediatrics, or Internal Medicine physicians normally service as Primary Care Managers.

Each time you need care, contact your PCM who will either provide the care or refer you to a specialist for care. Health Care Finders will assist you and your PCM with the referral process. You cannot refer yourself to a specialist and still be covered under TRICARE Prime. You must first contact your PCM and obtain a referral, except in an emergency.

If you enroll in Prime, you may be required to select your Primary Care Manager from your MTF if you reside within a military MTF ZIP Code area of responsibility (catchment area) and desire to enroll in Prime. This is determined by the MTF Commander. Please contact your TRICARE Service Center to inquire about the MTF criteria for PCM selection. If you need assistance with your PCM selection or have any questions contact your TRICARE Service Center or call 1-800-406-2832.

You must select a PCM for each beneficiary enrolling in TRICARE Prime. You may choose the same PCM for all family members, or a different PCM for each family member. If you want to change your PCM, please contact the Beneficiary Services Representative at your nearest TRICARE Service Center. Also, note that PCM clinic sites at the MTF may be subject to maximum enrollment capacity. If space is not available, you will be contacted by Foundation Health and given the opportunity to select another PCM, or be placed on a waiting list.

Important: As a TRICARE Prime member, even if you have chosen a PCM in the civilian network you may be referred to the MTF for specialty and inpatient hospital care when such care is available at the MTF. If care is not available at the MTF, you will be referred to a provider in the civilian TRICARE Prime network. Your PCM and the Health Care Finder will coordinate this referral for you.

Primary Care Manager Assignments at the Military Treatment Facility

Located throughout the Region, MTFs represent the cornerstone of the TRICARE program. With strong leadership and a commitment to the TRICARE program, MTFs provide beneficiaries with access to high quality health care services.

Most MTFs have established themselves as Primary Care Manager sites for TRICARE Prime enrollees. As mentioned above, you may be required to select your PCM at the MTF as your Primary Care Manager. This is determined by the MTF Commander. Please contact your TRICARE Service Center to inquire about the MTF criteria for PCM selection. If you need assistance with your PCM selection or have any questions contact your TSC or please call 1-800-406-2832.

The Health Care Finder

Located in the TRICARE Service Center, a Health Care Finder, is a registered nurse who continually monitors what health care services are available in the network. The Health Care Finder will assist your PCM in directing you to care that is the most appropriate, timely and cost-effective.

The Health Care Finder is the direct link between the provider network and the beneficiary. The primary function of the Health Care Finder is to work with your PCM to coordinate the referral process for specialty care and other health care services.

Non-enrolled beneficiaries are encouraged to use the Health Care Finder referral system to find care within the network. Health Care Finders will also work with network and non-network providers, to provide preauthorizations when required. Medicare-eligible beneficiaries can use the Health Care Finder to access providers who accept Medicare assignment.

The Health Care Finder is also there to provide you with information and assistance as you seek access to health care services. In most situations, contact with the Health Care Finder will be handled by your Primary Care Manager. Health Care Finders can be reached 24 hours-a-day, 7 days-a-week by calling **1-800-406-2832** and selecting Option #4, or by visiting your TRICARE Service Center during regular business hours.

*Time and Travel Standards are utilized to ensure appropriate access to health care for all TRICARE beneficiaries.

Office Appointment Standards:

- Well visit, not to exceed 4 weeks from request;
- Routine visits, not to exceed 1 week from request;
- Acute illness treatment, not to exceed 1 day from request;
- Office wait time not to exceed 30 minutes with scheduled appointment.

Travel Time Standards:

- Prime enrollees will not be required to travel to referral primary care providers any more than 30 miles or 30 minutes from his or her home.
- Prime enrollees will not be required to travel to a referral specialist provider any more than 60 miles or 60 minutes from his/her home.

How to Use the Directory

The providers in this directory are listed in four following sections:

TRICARE Prime and Extra - Providers are listed as follows:

- First, TRICARE Prime and Extra network providers are listed alphabetically by each county in which these network providers are available.
- Other providers who are not Primary Care Managers are listed alphabetically by specialty. For example: Allergy, Cardiology, Dermatology, Obstetrics/Gynecology, etc.

Facilities are listed next.

TRICARE Extra Only - In this section the providers are listed in the same format as above. The counties listed do not have a sufficient provider network to support the TRICARE Prime program at this time. However, you can still obtain quality care from those providers who have agreed to participate in the program. You are encouraged to use the services of these TRICARE Extra providers. In doing so, you will have a reduced cost share and lower your health care expenses.

TRICARE Pharmacies - A complete listing by county, of pharmacies participating in the TRICARE program is provided in this section.

TRICARE Mental Health - A complete listing, by county of mental health providers (such as licensed clinical social workers and clinical psychologists) participating in the TRICARE program is provided in this section.

TRICARE Prime Enrollment

To enroll in TRICARE Prime, you must select a Primary Care Manager. A Primary Care Manager is either a civilian network provider or Military Treatment Facility provider(s). Please note that you may be required to select your MTF as your Primary Care Manager. This is determined by the MTF Commander. Please contact the TRICARE Service Center to determine if your MTF is designated as your Primary Care Manager.

To enroll in TRICARE Prime:

- Select a PCM for each beneficiary being enrolled in TRICARE Prime and enter the complete PCM information in the appropriate section of the TRICARE Prime enrollment application. You may select the same PCM for all family members or select a different PCM for each family member enrolling.
- When selecting a civilian PCM, we suggest you call the provider prior to enrollment to confirm that he or she is accepting new patients and is a current participant in the program. After your enrollment has become effective, please contact your PCM to inform him/her of your participation.
- Each member enrolled in TRICARE Prime will receive an identification card indicating your PCM selection and showing the effective date of the 12-month enrollment period. New enrollees will also receive a Member Handbook with detailed information about TRICARE Prime.
- In a separate mailing, Foundation Health will also send each family a "Take Care of Yourself" and/or "Taking Care of Your Child" handbooks and Health Risk Assessment survey to be completed and returned. This is part of the preventive care benefit available to you under the Plan.

Important: Beneficiaries residing in the TRICARE Southwest Region 6 ZIP Codes where a TRICARE Prime network has not been established may enroll in TRICARE Prime. However, you must agree to abide by the TRICARE program provisions. **If you choose to become a Prime enrollee where Prime is not offered, or you choose a PCM greater than 30 miles from your residence, you agree to waive all access standards.** If you have any questions regarding these requirements, please contact a Beneficiary Services Representative at your nearest TRICARE Service Center for more information and assistance, or call 1-800-406-2832.

TRICARE Prime & Extra - Prescription Drugs

If you are a TRICARE Prime member...

- All of your prescriptions must be filled at a military pharmacy or at a TRICARE Prime and Extra pharmacy in order to be covered under TRICARE. A listing of participating pharmacies can be found in this directory.
- To have a prescription filled at a network pharmacy, show your TRICARE Prime identification card and your military ID card and pay the appropriate copayment. Copayments are as follows:
- Active Duty Family Members - \$5 copayment per prescription for up to a 30-day supply.
- Retirees and Retiree Family Members/Others - \$9 copayment per prescription for up to a 30-day supply.

If you are not enrolled in TRICARE Prime and want to get your prescription filled at a network pharmacy . .

Use of a TRICARE network pharmacy enables you to exercise the TRICARE Extra option of the program. To have a prescription filled at a TRICARE Prime and Extra pharmacy, present your military ID card and pay the appropriate cost-share. Cost-shares under TRICARE Extra are as follows:

- Active Duty Family Members - Pay 15% of the contracted rate per prescription for up to a 30-day supply.
- Retirees and Retiree Family Members/Others - Pay 20% of the contracted rate per prescription for up to a 30-day supply.
- Even if you decide not to enroll in TRICARE Prime, you are encouraged to have your prescriptions filled at a TRICARE Prime and Extra network pharmacy, as the CHAMPUS deductible is waived for prescriptions filled at network pharmacies.

Claim Forms . . .

TRICARE Prime and Extra pharmacies will process the claim forms for you. You could, however, be required to submit a claim form in certain situations. For example, one situation would be if your eligibility for CHAMPUS benefits cannot be validated through the Defense Enrollment Eligibility Reporting System (DEERS) at the time you obtain your prescription.

MTF Pharmacies . . .

There is no charge for prescriptions filled at a military pharmacy. Prescriptions may be filled only if the medication is regularly available at the military pharmacy.

MAIL ORDER PHARMACY

If you wish to utilize the Mail Order Pharmacy Benefit to order your maintenance medications . . .

- A mail order pharmacy is available to all CHAMPUS eligible beneficiaries as well as TRICARE Prime enrollees. Beneficiaries can order up to a 60-day supply of medications, at one time, for a reduced copayment.
- Active Duty family members have a copayment of \$4 per prescription.
- Retirees, retiree family members and BRAC Medicare eligibles have an \$8 copayment per prescription.

Special feature for certain Medicare-eligible beneficiaries. . .

The mail order pharmacy service (*as well as the TRICARE network pharmacy service*) is also available to:

- Medicare-eligible beneficiaries who reside in areas adversely affected by the Base Realignment and Closure (BRAC) of military installations (Eaker AFB, AR; England AFB, LA; Bergstrom AFB, TX; Carswell AFB, TX). This area is defined by specific ZIP codes.
- Medicare-eligible beneficiaries who can demonstrate that they were reliant on the BRAC site military installations for pharmacy services.
- Medicare-eligible beneficiaries have an \$8 copayment per prescription for mail order pharmacy services and a 20% cost-share for prescriptions provided under the retail pharmacy network program.

To obtain a mail order pharmacy brochure and order form that explains the mail order pharmacy service in detail, or if you have questions concerning eligibility or want information about Medicare-eligibles and the pharmacy program, contact your local TRICARE Service Center (TSC) or call **1-800-406-2832**.

If You Need Assistance . . .

If you have questions about the TRICARE program, or need help in selecting a PCM or completing the enrollment process, please contact Foundation Health Federal Services at **1-800-406-2832** or visit your nearest TRICARE Service Center. TRICARE Service Centers are staffed by Beneficiary Services Representatives who can help CHAMPUS eligibles with their health care needs and answer questions about TRICARE.

TRICARE Service Centers

All of the following TRICARE Service Centers can be reached by calling **1-800-406-2832**. TRICARE Service Centers are located at:

ARKANSAS

Blytheville, Arkansas

TRICARE Service Center
609-B North 6th Street
Blytheville, Arkansas 72315

Little Rock AFB, Arkansas

TRICARE Service Center
Building 1090 Arnold Drive
Little Rock AFB, AR 72099-5057

LOUISIANA

Alexandria, Louisiana

TRICARE Service Center
3600 Jackson Street, Ext., Suite 127
Alexandria, Louisiana 71303

Ft. Polk, Louisiana

TRICARE Service Center
Bayne Jones Army Community Hospital
285 3rd Street
Ft. Polk, Louisiana 71459-6000

Shreveport, Louisiana

TRICARE Service Center
1255 Shreveport-Barksdale Hwy.
Shreveport, Louisiana 71105

OKLAHOMA

Altus AFB, Oklahoma

TRICARE Service Center
301 North 1st Avenue, Bldg. 46
Altus AFB, OK 73523-5005

Ft. Sill, Oklahoma

TRICARE Service Center
Reynolds Army Community Hospital
CDRUSAMEDDAC
Ft. Sill, OK 73503-6300

Tinker AFB, Oklahoma

TRICARE Service Center
5700 Arnold Street, Bldg. 5801
Tinker AFB, OK 73145-8102

Vance AFB, Oklahoma

TRICARE Service Center
527 Gott Road
Vance AFB, OK 73705-5105

TEXAS

Austin, Texas

TRICARE Service Center
9101 Burnet Road, Suite 104
Austin, Texas 78758

Brooks AFB, Texas

TRICARE Service Center
Base Exchange
8103 Outercircle
Brooks AFB, TX 78235-5336

Corpus Christi Naval Hospital, Texas

TRICARE Service Center
10651 E Street, Bldg. H-100
Corpus Christi, TX 78419-5131

Dyess AFB, Texas

TRICARE Service Center
697 Hospital Road
Dyess AFB, TX 79607-1367

Ft. Hood, Texas

TRICARE Service Center
Building 36023
Santa Fe Avenue
P.O. Box A
Ft. Hood, Texas 76544

Ft. Sam Houston, Texas

TRICARE Service Center
6015 Rittiman Plaza
San Antonio, Texas 78218

Ft. Worth, Texas

TRICARE Service Center
Ridgmar Town Square
1108 Green Oaks Road
Ft. Worth, Texas 76116

Goodfellow AFB, Texas

TRICARE Service Center
271 Fort Richardson Avenue
Goodfellow AFB, TX 76908-4902

Irving, Texas

TRICARE Service Center
5525 North MacArthur Blvd.,
Suite 700
Irving, Texas 75038

Kelly AFB, Texas

TRICARE Service Center
204 Wagner Drive, Bldg. 1740
Kelly AFB, TX 78241-5846

Lackland AFB, Texas

TRICARE Service Center
Wilford Hall Medical Center
2200 Berguist Drive, Suite I
Lackland AFB, TX 78236-5300

Laughlin AFB, Texas

TRICARE Service Center
590 Mitchell Blvd., Bldg. 375
Laughlin AFB, TX 78843-5244

NAS, Ingleside, Texas

TRICARE Service Center
Bay Vista Center
2380 Highway 361, Suite 4
Ingleside, Texas 78362

NAS, Kingsville, Texas

Naval Air Station, Kingsville
TRICARE Service Center
Branch Medical Clinic
730 Forrester Street, Suite 101
Kingsville, TX 78363-5116

North Central San Antonio

TRICARE Service Center
7800 IH-10 West, Suite 300
San Antonio, Texas 78230

Randolph AFB, Texas

TRICARE Service Center
12th Medical Group
221 3rd Street West
Randolph AFB, TX 78150-4801

Reese AFB, Texas

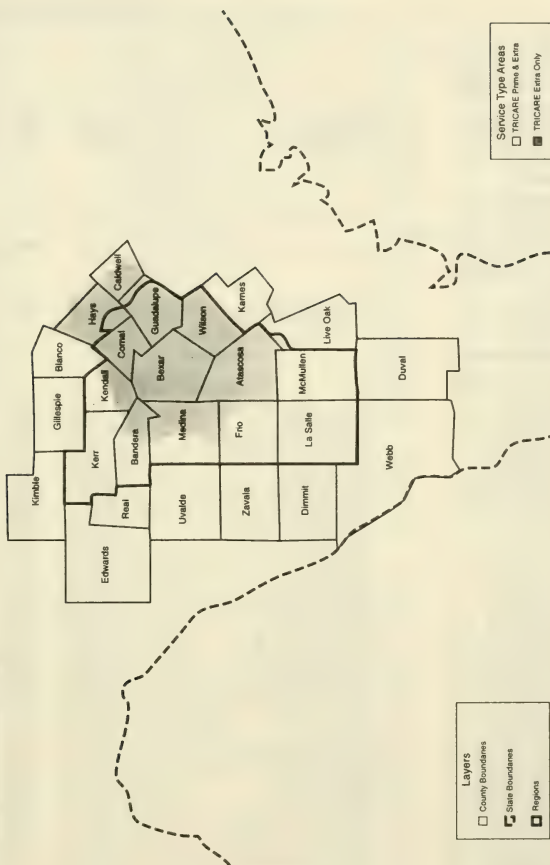
TRICARE Service Center
250 13th Street
Reese AFB, TX 79489-5008

Sheppard AFB, Texas

TRICARE Service Center
149 Hart, Suite 12
Sheppard AFB, TX 76311-3478



Foundation Health Federal Services
San Antonio TRICARE Directory Area



ATASCOSA COUNTY**Primary Care Managers****Family Practice**

Garcia, Enrique A. M.D.	130 Water Street	Pleasanton	78064	(210) 569-5030
Garcia, Enrique T. M.D.	130 Water Street	Pleasanton	78064	(210) 560-5030
Garcia, John M.D.	310 West Oaklawn Road	Pleasanton	78064	(210) 569-2527
Kelley, Danny L. M.D.	704 Avenue H	Poteet	78065	(210) 742-3582

Specialists**Obstetrics/Gynecology**

Crockett, Susan A. M.D.	220 West Goodwin Street	Pleasanton	78064	(210) 569-6884
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Physical Medicine & Rehabilitation

Krampezz, Donald L. D.O.	1240 West Oaklawn Road Suite 108	Pleasanton	78064	(210) 569-2168
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Allied Health Professionals**Podiatry**

Beirne, Douglas R. D.P.M.	1240 West Oaklawn Road Suite 101	Pleasanton	78064	(210) 569-6006
Peters, Verdon D.P.M.	1240 West Oaklawn Road Suite 101	Pleasanton	78064	(210) 569-6006

BEXAR COUNTY**Primary Care Managers****Family Practice**

Aguirre, Felix M.D.	10918 Wurzbach Road Suite 211	San Antonio	78230	(210) 696-2264
Ashkinaz, Barry C. M.D.	7407 Broadway Street	San Antonio	78209	(210) 824-4584
Attee, George M.D.	8637 Fredericksburg Road Suite 250	San Antonio	78240	(210) 641-6727
Baros Jr., James M.D.	540 Madison Oak Drive Suite 220	San Antonio	78258	(210) 494-7172
Baros, Larry M.D.	540 Madison Oak Drive Suite 220	San Antonio	78258	(210) 494-7172
Baros Sr., James M.D.	105 North Alamo Street	San Antonio	78205	(210) 222-1141
Berchelman, David M.D.	809 South Laredo Street	San Antonio	78204	(210) 226-6185
Bronley, James M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 921-3801
Bugg III, James L. M.D.	7913 Bandera Road	San Antonio	78250	(210) 680-9393
Burney, Harold M.D.	414 Navarro Street Suite 1023	San Antonio	78205	(210) 223-3246
Calo, Luis M.D.	810 Southeast Military Drive	San Antonio	78214	(210) 921-4200
Cantu, Luis M.D.	730 North Main Avenue Suite 702	San Antonio	78205	(210) 225-4858
Carter, Stephen A. M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 921-3801
Castillo, Efreem M.D.	408 Navarro Street	San Antonio	78205	(210) 271-1841
Castillo, Ricardo D.O.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
De Jesus, Jose M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 509-2600
Deleon, Pedro M.D.	2404 Commercial Avenue	San Antonio	78221	(210) 923-4372
Do, Thuy Danh M.D.	1439 Southwest Military Drive	San Antonio	78221	(210) 924-6565
Doherty, James M.D.	16616 San Pedro Avenue	San Antonio	78232	(210) 616-7340
Dorsa, Michael M.D.	8101 Roughrider Drive	San Antonio	78239	(210) 653-8085
Dugo, Michael S. M.D.	7333 Barlite Blvd Suite 100	San Antonio	78224	(210) 924-6556
Flores, Ramiro M.D.	3715 Southwest Military Drive	San Antonio	78211	(210) 927-5392
Frederick, John Howard M.D.	8100 Roughrider Drive Suite 101	San Antonio	78239	(210) 656-6060
Gamboa, Jose M.D.	7333 Barlite Blvd Suite 100	San Antonio	78224	(210) 924-6556
Garcia, Salvador J. M.D.	6810 Old Pearsall Road Suite 306	San Antonio	78242	(210) 623-8617
Gibbons, John A. M.D.	7333 Barlite Blvd Suite 100	San Antonio	78224	(210) 924-6556
Gonzalez, William M.D.	720 Pleasanton Road	San Antonio	78214	(210) 923-4581
Guillen, Enrique M.D.	1805 Cantrellville Road	San Antonio	78237	(210) 435-0440
Guimbaria, Luis M.D.	2800 Nogalitos	San Antonio	78225	(210) 532-9241
Gutierrez, Otto M.D.	206 San Pedro Avenue Suite 307	San Antonio	78205	(210) 225-0808
Henwood, Beverly M.D.	9240 Civilbeau Street Suite 128	San Antonio	78250	(210) 681-4685
Hernandez, Harry D.O.	11312 Perrin Beitel Road	San Antonio	78217	(210) 656-4363
Hernandez, Linda W. D.O.	11312 Perrin Beitel Road	San Antonio	78217	(210) 656-4363
Hernandez, Raymond M.D.	505 Howard Street	San Antonio	78212	(210) 225-8909
Hernandez, Richard M.D.	343 West Houston Street Suite 705	San Antonio	78205	(210) 223-8641
Herrera, Maximiliano M.D.	711 Kirk Place	San Antonio	78226	(210) 225-0545
Jandray, Diana E. M.D.	2833 Babcock Road Suite 300	San Antonio	78229	(210) 616-7319
Kretzinger, Frank C. D.O.	1255 Southwest Loop 410 Suite 145	San Antonio	78227	(210) 675-4155
Laminack, Clare D.O.	2833 Babcock Road Suite 300	San Antonio	78229	(210) 616-7448
Laufman, Joan E. M.D.	10918 Wurzbach Road Suite 211	San Antonio	78230	(210) 696-2264
Lozano, Carlos M.D.	525 Richmond	San Antonio	78215	(210) 227-7119
Luna, Joseph H. M.D.	7333 Barlite Blvd Suite 100	San Antonio	78224	(210) 924-6556

Patient load may influence an individual provider's ability to accept new patients. Please contact the provider's office to verify current status.

TRICARE San Antonio Texas Directory

Martinez, Rafael M.D.	6315 South Zarzamora Street	San Antonio	78211	(210) 924-9254
Mora, Sebastian A. D.O.	1327 Southwest Military Drive	San Antonio	78221	(210) 924-5121
Morgan, Sybil R. M.D.	2829 Babcock Road Suite 625	San Antonio	78229	(210) 616-7329
Muzza, Hugo E. M.D.	7333 Barlile Blvd Suite 120	San Antonio	78224	(210) 923-8851
Nakissa, Nasser M.D.	803 Castroville Road Suite 127	San Antonio	78237	(210) 434-2488
Nguyen, Wendy T. M.D.	10918 Wurzbach Road Suite 211	San Antonio	78230	(210) 696-2264
Ortega, Alanzo D.O.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Ortega, Andrew M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Pacheco, Cecilia M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Padilla, David M.D.	902 Bandera Road	San Antonio	78214	(210) 921-3800
	7616 Culebra Road Suite 130	San Antonio	78228	(210) 431-4500
Pedra, Federico M.D.	1630 Southwest Military Drive	San Antonio	78251	(210) 921-3800
Park, Richard M.D.	2009 Pat Booker Road	San Antonio	78221	(210) 927-7930
Pickens, Jeffrey M.D.	4025 East Southcross Blvd Suite 7	Universal City	78148	(210) 659-4425
Pino, Salustiano M.D.	6628 Crestway Drive	San Antonio	78222	(210) 333-1295
Posa, Geri M.D.	2833 Babcock Road Suite 300	San Antonio	78239	(210) 650-3288
Posa, Sabine M.D.	2701 Babcock Road Suite H	San Antonio	78229	(210) 616-7320
Reardon, Ronald M.D.	2833 Babcock Road Suite 400	San Antonio	78229	(210) 616-7324
Reyes, Ramon G. M.D.	10918 Wurzbach Road Suite 211	San Antonio	78230	(210) 696-2264
Robertson, Valerie M.D.	540 Madison Suite 600	San Antonio	78204	(210) 496-7999
Robledo, Bridget M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Saenz, Paul M.D.	5409 Bandera Road Suite 205	San Antonio	78238	(210) 681-4994
Salazar, Gilbert M.D.	720 Pleasanton Road	San Antonio	78214	(210) 923-4581
Samaniego Sr., Hector X. M.D.	1712 Buena Vista Street	San Antonio	78207	(210) 226-6562
Sanchez, Armando M.D.	7913 Bandera Road	San Antonio	78250	(210) 680-9393
Shingle, Robert M.D.	7950 Floyd Curl Drive Suite 510	San Antonio	78229	(210) 614-3610
Smith, Michael R. M.D.	12413 Judson Road Suite 100	San Antonio	78233	(210) 650-9494
Smith, Thomas B. M.D.	3301 South Gevers Street	San Antonio	78210	(210) 534-4141
Snoga, Patricia A. M.D.	16614 San Pedro Avenue	San Antonio	78232	(210) 616-7340
Stogryn, Rosemary M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Tajkhanji, Moiz A. M.D.	7333 Barlile Blvd Suite 100	San Antonio	78224	(210) 924-6556
Turner, Denise M.D.	315 North San Saba Suite 1295	San Antonio	78207	(210) 921-3802
Vasquez-Kayruz, Sandra M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 921-3801
Zagorin, Lazaro M.D.	7400 Barlile Blvd	San Antonio	78224	(210) 924-6556
General Practice				
Cavazos, Jose F. M.D.	1303 McCullough Avenue Suite 533	San Antonio	78212	(210) 226-5229
Evans, John A. M.D.	414 Navarro Street Suite 1128	San Antonio	78205	(210) 561-7000
Heistand, Michael M.D.	8042 Wurzbach Road Suite 350	San Antonio	78229	(210) 614-3412
Muzza, Luis M.D.	730 North Main Avenue Suite 819	San Antonio	78205	(210) 222-0983
Shannon, Nick H. M.D.	3326 East Southcross Blvd	San Antonio	78223	(210) 532-3216
Turullols, Jesus M.D.	5282 Medical Drive Suite 130	San Antonio	78229	(210) 615-8434
Watson, James Richard D.O.	1032 South WW White Road	San Antonio	78220	(210) 337-2333
Internal Medicine				
Abuabara, Fuad M.D.	700 South Zarzamora Street Suite L-13	San Antonio	78207	(210) 432-8800
Abueme, Jeremias M.D.	8725 Marbach Road Suite 225	San Antonio	78227	(210) 616-7340
Al, Shalchi Najah M.D.	7712 Eckhart Road	San Antonio	78240	(210) 520-8060
Altieri, Lizette M. M.D.	803 Castroville Road Suite 120	San Antonio	78237	(210) 354-1914
Alukal, John M.D.	215 North San Saba Suite 106	San Antonio	78207	(210) 226-4091
Aramburu, Socrates B. M.D.	311 Camden Street Suite 409	San Antonio	78215	(210) 224-2223
Beckman, Charles M.D.	124 Dallas Street	San Antonio	78205	(210) 224-1771
Bergman, Randy N. M.D.	12709 Toepperwein Road Suite 201	San Antonio	78233	(210) 650-9669
Calle, Cristo A. M.D.	3118 Clark Avenue	San Antonio	78210	(210) 533-7000
Corvantes Jr., Charles R. M.D.	7390 Barlile Blvd Suite 205	San Antonio	78224	(210) 923-4343
Cisneros, Justo Luis M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Deignide, Susan J. M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 921-3801
Duke, Eleanor E. M.D.	810 Southeast Military Drive	San Antonio	78214	(210) 921-4200
Edwards, Leo M.D.	1954 East Houston Street Room 210	San Antonio	78202	(210) 225-5047
Escalante, Dante M.D.	4364 Thousand Oaks Drive	San Antonio	78217	(210) 599-1295
Friberg, Michael M.D.	215 East Quincy Street Suite 500	San Antonio	78215	(210) 559-3486
Fung, Po-Ming M.D.	8303 West Military Drive	San Antonio	78227	(210) 674-6130
Gonzalez, Juan M.D.	1920 Southwest Military Drive Suite 2	San Antonio	78221	(210) 924-2337
Hempel, Karl M.D.	414 Navarro Street Suite 703	San Antonio	78205	(210) 224-4811
Jain, Rita M.D.	1303 McCullough Avenue Suite 374	San Antonio	78212	(210) 223-5483
Jenkins, Douglas W. M.D.	124 Dallas Street	San Antonio	78205	(210) 224-1771
Jimma, Brook M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Koili, Vijay N. M.D.	666 Southwest Military Drive Suite E	San Antonio	78221	(210) 924-5097
Lam, Victor M.D.	1310 McCullough Avenue Suite 226	San Antonio	78212	(210) 223-5451
Lerna, John M.D.	7407 Broadway Street	San Antonio	78209	(210) 824-4584
Molina, Migdalia M.D.	343 West Houston Street Suite 501	San Antonio	78205	(210) 224-2026
Moralez, Steven M.D.	315 North San Saba Suite 1295	San Antonio	78207	(210) 921-3802
Nobles III, Robert G. M.D.	2833 Babcock Road Suite 200	San Antonio	78229	(210) 616-7313
Perez, Enrique M.D.	12705 Toepperwein Road	San Antonio	78233	(210) 227-6156

Patient load may influence an individual provider's ability to accept new patients. Please contact the provider's office to verify current status.

TRICARE San Antonio Texas Directory

Prieto, Luis E. M.D.	2833 Babcock Road Suite 200	San Antonio	78229	(210) 616-7420
Rapier, George M. M.D.	8637 Fredericksburg Road Suite 250	San Antonio	78240	(210) 641-6727
Rocha, Guillermo M.D.	3408 Roosevelt Avenue	San Antonio	78214	(210) 922-5922
Rodriguez, Carmelita M.D.	1703 Southwest Military Drive Suite 201	San Antonio	78221	(210) 924-7356
Rodriguez, Javier F. M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Ross, Sabine M.D.	2833 Babcock Road Suite 200	San Antonio	78229	(210) 616-7300
Ruiz, Gilbert M.D.	315 North San Saba Suite 1195	San Antonio	78207	(210) 255-3136
Shah, Misha M.D.	2833 Babcock Road Suite 200	San Antonio	78229	(210) 616-7435
Stevens, Robert E. M.D.	414 Navarro Street Suite 703	San Antonio	78205	(210) 224-4811
Still, Robert M.D.	8038 Wurzbach Road Suite 210-A	San Antonio	78229	(210) 614-3926
Tenorio, Ruben M.D.	705 Kirk Place	San Antonio	78226	(210) 271-0024
Tran, Michael S. M.D.	2833 Babcock Road Suite 200	San Antonio	78229	(210) 616-7300
Vajdos, Margaret A. M.D.	8042 Wurzbach Road Suite 420	San Antonio	78229	(210) 614-8612
Vanover, Randall M.D.	12709 Toepperwein Road Suite 201	San Antonio	78233	(210) 650-9669
Vosberg, James L. M.D.	414 Navarro Street Suite 703	San Antonio	78205	(210) 224-4811
Wells, Ralph F. M.D.	414 Navarro Street Suite 703	San Antonio	78205	(210) 224-4811
Wiesenthal, Martin J. M.D.	8038 Wurzbach Road Suite 320	San Antonio	78229	(210) 614-3365

Obstetrics/Gynecology

Hadnot, James L. M.D.	2829 Babcock Road Suite 540	San Antonio	78229	(210) 616-7416
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Pediatrics

Abrams, Jerri L. M.D.	2833 Babcock Road Suite 300	San Antonio	78229	(210) 704-4817
Arnold, J. Laura M.D.	2411 Thousand Oaks Drive	San Antonio	78232	(210) 494-2223
Burns, Dianna M. M.D.	1954 East Houston Street Suite 104	San Antonio	78202	(210) 227-2100
Clinchard, William R. M.D.	2833 Babcock Road Suite 200	San Antonio	78229	(210) 616-7303
Font, Eugenio M.D.	2833 Babcock Road Suite 200	San Antonio	78229	(210) 616-7319
Gabriel, Hoda M.D.	6750 Tezel Road Suite 103	San Antonio	78250	(210) 681-5117
Garcia Del Villar, Angel M.D.	315 North San Saba Suite 1075	San Antonio	78207	(210) 226-2782
George, Mary M.D.	9179 Grissom Road Suite 135	San Antonio	78251	(210) 684-1020
Girgis, Sohier M.D.	6315 South Zarzamora Street	San Antonio	78211	(210) 924-9254
Grosz, Jorge M.D.	215 North San Saba Suite 207	San Antonio	78207	(210) 226-0034
Guerra, Fernando M.D.	401 West Commerce Street Suite 205	San Antonio	78207	(210) 224-4661
Hernandez, Jorge A. M.D.	315 North San Saba Suite 1075	San Antonio	78207	(210) 223-3543
Hines, Sivanthini M.D.	1954 East Houston Street Suite 104	San Antonio	78202	(210) 227-2100
Holley, Linda J. M.D.	1954 East Houston Street Suite 104	San Antonio	78202	(210) 227-2100
Jordan, Freeman M.D.	8049 Midcrown Drive Suite 103	San Antonio	78218	(210) 646-8833
Johnson, Robert K. M.D.	403 West Summit Avenue	San Antonio	78212	(210) 735-8631
Larrumbide, Margaret M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
Lawrence, Courtney M.D.	1954 East Houston Street Suite 104	San Antonio	78202	(210) 227-2100
Martinez, Ernesto M.D.	88 Briggs Street Suite 285	San Antonio	78224	(210) 927-3961
Marx, Nola R. M.D.	8042 Wurzbach Road Suite 110	San Antonio	78229	(210) 692-3439
Moe Jr., Roderick D. M.D.	8122 Datapoint Drive Suite 1050	San Antonio	78229	(210) 614-0171
Nandakumar, Bharanathi M.D.	215 North San Saba Suite 207	San Antonio	78207	(210) 227-3701
Penkava, Jeri L. M.D.	2411 Thousand Oaks Drive	San Antonio	78232	(210) 494-2223
Pickett-Gurza, Suzanna M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 921-3801
Ramanath, Bellur M.D.	8303 West Military Drive	San Antonio	78227	(210) 674-6130
Riojas, Ricardo M.D.	315 North San Saba Suite 1075	San Antonio	78207	(210) 223-3543
Savage, Veronica M.D.	6315 South Zarzamora Street	San Antonio	78211	(210) 924-9254
Seifert, Sandra M.D.	401 West Summit Avenue	San Antonio	78212	(210) 736-3126
Sherman, Griselle M.D.	315 North San Saba Suite 1295	San Antonio	78207	(210) 921-3802
Sides, Nikki M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 921-3801
Silva, Anna M.D.	2833 Babcock Road Suite 300	San Antonio	78229	(210) 616-7440
Spence, Kelly M.D.	700 South Zarzamora Street Suite 313	San Antonio	78207	(210) 434-7207
Trevino, Daniel G. M.D.	7616 Culebra Road Suite 130	San Antonio	78251	(210) 509-2600
Trang, Clevert M.D.	7390 Barlote Blvd Suite 203	San Antonio	78224	(210) 922-2299
Varela, Ernesto M.D.	315 North San Saba Suite 1075	San Antonio	78207	(210) 223-3543
Wright, Jack M.D.	700 South Zarzamora Street Suite 313	San Antonio	78207	(210) 434-7207
	403 West Summit Avenue	San Antonio	78212	(210) 731-9681

Specialists**Allergy**

Araujo, Raiqua S. M.D.	12602 Toepperwein Road Suite 214	San Antonio	78233	(210) 646-6978
Cole, Mika K. M.D.	205 East Evergreen Street Suite B	San Antonio	78212	(210) 222-9711
Hampel Jr., Frank C. M.D.	12709 Toepperwein Road	San Antonio	78233	(210) 654-0944
Jacobs, Robert L. M.D.	8279 Fredericksburg Road	San Antonio	78229	(210) 614-3923
Martin, Bruce G. D.O.	7711 Louis Pasteur Drive Suite 901	San Antonio	78229	(210) 616-0690
Ramirez, Daniel A. M.D.	7940 Floyd Curl Drive Suite 670	San Antonio	78229	(210) 692-0634
Reitman, James M.D.	7207 Winterwood Place	San Antonio	78229	(210) 341-6903

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TRICARE San Antonio Texas Directory**Anesthesiology**

Astilla, Thaddeus M.D.	4402 Vance Jackson Road Suite 211	San Antonio	78230	(210) 545-0930
Avila, Fernando T. M.D.	414 Navarro Street Suite 1407	San Antonio	78205	(210) 223-1181
Bacon, Donald D. M.D.	4400 South Piedras Drive Suite 150	San Antonio	78228	(210) 637-0797
Boyd, Daniel R. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Burns, Paulette S. M.D.	5975 FM 78 Suite 360	San Antonio	78244	(210) 661-5391
Caballero, Patricia A. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Campbell, James E. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Clark, Anthony E. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Dar, Urfan M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Dimetman, Daniel E. M.D.	1635 Northeast Loop 410 Suite 607	San Antonio	78209	(210) 805-8116
Flores, Martin G. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Puentes, Leonel M. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Furman, Joseph R. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Gagliano, Angelo M.D.	435 Country Wood Drive	San Antonio	78216	(210) 496-5012
Garg, Govind M.D.	6800 Park Ten Blvd Suite 272-S	San Antonio	78213	(210) 732-2797
Garza, James A. D.O.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1075
Ghius, Leon M.D.	2829 Babcock Road Suite 345	San Antonio	78229	(210) 614-1987
Grannos, Rudy V. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Hadnot, William M.D.	414 Navarro Street Suite 905	San Antonio	78205	(210) 226-0056
Hernandez, Jesse M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Hertel, Susan M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
King, Leslie M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
Klaus, Duane M.D.	7711 Louis Pasteur Drive Suite 504	San Antonio	78229	(210) 692-9833
Kruczek, Michael M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
Lee, Robert M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 227-0855
Lew, David M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
Lilly, Gregory M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
Marmel, Richard M.D.	234 San Pedro Avenue Suite B	San Antonio	78205	(210) 226-3000
	8038 Wurzbach Road Suite 180	San Antonio	78229	(210) 614-3321
Martinez III, Joaquin M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1075
Maynard, Duane M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
McElvany, Kimberly K. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Melish, Mark M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
Nguyen, Nam Vinh M.D.	1017 North Main Avenue Suite 224	San Antonio	78212	(210) 224-1021
Oei, Heng H. M.D.	730 North Main Avenue Suite 405	San Antonio	78205	(210) 227-1850
Oxford, Diana L. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Perches, Jesus M.D.	540 Madison Oak Drive Suite 280	San Antonio	78258	(210) 545-4805
Ramirez, Oscar E. M.D.	8038 Wurzbach Road Suite 180	San Antonio	78229	(210) 614-3371
Ramirez, Ricardo M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Ritter, Tibor M.D.	8800 Village Drive Suite 203	San Antonio	78217	(210) 654-1464
Rosen, Laurence M.D.	8452 Fredericksburg Road Suite 297	San Antonio	78229	(210) 647-0068
Rotto, Debra K. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Saul, Noel D. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Schwartz, Roger M.D.	5975 FM 78 Suite 360	San Antonio	78244	(210) 661-5391
Starks, Marion E. M.D.	1017 North Main Avenue Suite 225	San Antonio	78212	(210) 224-1021
Tsakifuji, Neal M.D.	730 North Main Avenue Suite 609	San Antonio	78205	(210) 226-7691

Cardiovascular Disease

Briseno, David L. M.D.	927 McCullough Avenue	San Antonio	78215	(210) 271-3203
	4212 East Southcross Blvd Suite 120	San Antonio	78222	(210) 333-2031
	7390 Barlite Blvd Suite 225	San Antonio	78224	(210) 271-3203
Canales, Mark M.D.	7711 Louis Pasteur Drive Suite 708	San Antonio	78229	(210) 614-6391
Casey, Christopher W. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 804-6000
Daniels, Steven E. M.D.	7711 Louis Pasteur Drive Suite 708	San Antonio	78229	(210) 614-6391
Garcia, Manuel M. M.D.	927 McCullough Avenue	San Antonio	78215	(210) 223-7500
	7390 Barlite Blvd Suite 225	San Antonio	78224	(210) 271-3203
Garza, Juan L. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 804-6000
Garza, Ricardo A. M.D.	7711 Louis Pasteur Drive Suite 708	San Antonio	78229	(210) 614-6391
Jackson Jr., Mel C. M.D.	4330 Medical Drive Suite 525	San Antonio	78229	(210) 692-1414
Jacob, Mark M.D.	2829 Babcock Road Suite 600	San Antonio	78229	(210) 615-1515
James, Kevin F. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 646-0505
	12709 Toepperwein Road Suite 308	San Antonio	78233	(210) 599-2020
Kirk, William O. M.D.	8534 Village Drive Suite A	San Antonio	78217	(210) 656-5098
Leroux Jr., Edmond J. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 609-9058
Macris, Demetrios N. M.D.	215 East Quincy Street Suite 427	San Antonio	78215	(210) 225-6508
Martin, Hal A. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 804-6000
Muller, Jean M. M.D.	311 Camden Street Suite 311	San Antonio	78215	(210) 354-4200
Oliveros, Rene A. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 225-6508
Ortega, Gerardo M.D.	215 East Quincy Street Suite 427	San Antonio	78215	(210) 225-6508
Pallares, Frank M.D.	4127 East Southcross Blvd Suite 2	San Antonio	78222	(210) 333-7125
Rabinowitz, A. C. M.D.	4330 Medical Drive Suite 500	San Antonio	78229	(210) 692-1414
Ramirez, Jairo M.D.	343 West Houston Street Suite 1010	San Antonio	78205	(210) 226-7669
Rebolledo, Jose R. M.D.	343 West Houston Street Suite 811	San Antonio	78205	(210) 222-2175
Rodriguez, Rafael M. M.D.	540 Madison Oak Drive Suite 690	San Antonio	78258	(210) 496-1816

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TRICARE San Antonio Texas Directory

Roman, Carlos M.D.	7950 Floyd Curl Drive Suite 602	San Antonio	78229	(210) 614-5400
Schnitzler, Robert N. M.D.	4330 Medical Drive Suite 400	San Antonio	78229	(210) 615-0660
Seaworth, John F. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 804-6000
Trakhtenbrot, Anatole D. M.D.	7950 Floyd Curl Drive Suite 909	San Antonio	78229	(210) 614-5400
Villasenor, Hector R. M.D.	401 North Saba	San Antonio	78307	(210) 223-7500
White, David H. M.D.	4330 Medical Drive Suite 300	San Antonio	78229	(210) 616-0801
Whitney, Edwin J. M.D.	1933 Northeast Loop 410	San Antonio	78217	(210) 804-6000
Wind, Barry E. M.D.	7950 Floyd Curl Drive Suite 909	San Antonio	78229	(210) 614-5400
Zinn, Myron B. M.D.	7950 Floyd Curl Drive Suite 909	San Antonio	78229	(210) 614-5400
Zinn, Phillip M.D.	7950 Floyd Curl Drive Suite 909	San Antonio	78229	(210) 614-5400
Child Neurology				
Rutman, Joel Y. M.D.	315 North San Saba Suite 1075	San Antonio	78207	(210) 692-3680
	8042 Wurzbach Road Suite 110	San Antonio	78229	(210) 692-3680
Seals, John R. M.D.	4410 Medical Drive Suite 400	San Antonio	78229	(210) 615-2222
Dermatology				
Adelman, Samuel M.D.	8534 Village Drive Suite C	San Antonio	78217	(210) 655-5352
Babcock, William S. M.D.	2833 Babcock Road Suite 400	San Antonio	78229	(210) 616-7328
Beightler, Eloise S. M.D.	12602 Toepferwein Road Suite 114	San Antonio	78233	(210) 657-9338
Day Jr., Calvin L. M.D.	7711 Louis Pasteur Drive Suite 104	San Antonio	78229	(210) 615-8345
Madorsky, David D. M.D.	1842 Lockhill Selma Road Suite 101	San Antonio	78213	(210) 349-0011
Mahler, Susan J. M.D.	5282 Medical Drive Suite 614	San Antonio	78229	(210) 614-0062
Parsons, William T. M.D.	12602 Toepferwein Road Suite 114	San Antonio	78233	(210) 657-9338
Petr, Frank Charles M.D.	12602 Toepferwein Road Suite 114	San Antonio	78233	(210) 657-9338
Emergency Medicine				
Arkangel, Carmelito M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Becker, Donna S. D.O.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Bragan, John F. M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Fanning, Robert K. M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Foley, Delton W. M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Lavelle, John P. M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Mays, Steven D.O.	5469 Bandera Road Suite 205	San Antonio	78232	(210) 490-1357
Ramirez, Ramiro M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Ratner, Evan S. M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Switzer, Ted W. M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Tijerina, Oscar M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Trevino, Jaime M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Vargas, Alfredo M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Williams, Vernon M.D.	15600 San Pedro Avenue Suite 107	San Antonio	78232	(210) 490-1357
Endocrinology				
Becker, Richard A. M.D.	8234 Fredricksburg Road	San Antonio	78212	(210) 223-5483
Black, Karen S. M.D.	1303 McCullough Avenue Suite 374	San Antonio	78212	(210) 223-5483
Fischer, Jerome M.D.	8042 Wurzbach Road Suite 420	San Antonio	78229	(210) 614-8612
Kipnes, Mark M.D.	8042 Wurzbach Road Suite 420	San Antonio	78229	(210) 614-8612
Schwartz, Sherwyn M.D.	8042 Wurzbach Road Suite 420	San Antonio	78229	(210) 690-8612
Gastroenterology				
Bentch, H. Leonard M.D.	7940 Floyd Curl Drive Suite 1050	San Antonio	78229	(210) 696-4642
Chumley, Delbert L. M.D.	8214 Wurzbach Road	San Antonio	78229	(210) 614-1234
Flores, Eddie M.D.	520 East Euclid Avenue	San Antonio	78212	(210) 271-0606
Garza, Homero R. M.D.	520 East Euclid Avenue	San Antonio	78212	(210) 271-0606
	2829 Babcock Road Suite 729	San Antonio	78229	(210) 271-0606
Goldner, Fred H. M.D.	8214 Wurzbach Road	San Antonio	78229	(210) 614-1234
Guerra Jr., Ernesto M.D.	520 East Euclid Avenue	San Antonio	78212	(210) 271-0606
Hearne, Steven E. M.D.	1804 Northeast Loop 410 Suite 101	San Antonio	78217	(210) 828-8400
Hernandez, Ricardo A. M.D.	311 Camden Street Suite 214	San Antonio	78215	(210) 223-9272
	1804 Northeast Loop 410 Suite 101	San Antonio	78217	(210) 828-8400
Hoberman, Lawrence J. M.D.	7950 Floyd Curl Drive Suite 801	San Antonio	78229	(210) 692-0207
Johnson, Joseph E. M.D.	520 East Euclid Avenue	San Antonio	78212	(210) 271-0606
Magranger, Gabriel A. M.D.	311 Camden Street Suite 214	San Antonio	78215	(210) 223-9272
	4499 Medical Drive Suite 131	San Antonio	78229	(210) 614-2188
Masters, Patrick M.D.	8214 Wurzbach Road	San Antonio	78229	(210) 696-8570
Narvaez, Robert M. M.D.	12602 Toepferwein Road Suite 110	San Antonio	78233	(210) 650-9119
Ostrower, Victor S. M.D.	7940 Floyd Curl Drive Suite 1050	San Antonio	78229	(210) 615-8308
Otero, Richard L. M.D.	520 East Euclid Avenue	San Antonio	78212	(210) 271-0606
	4212 East Southcross Blvd Suite 120	San Antonio	78222	(210) 615-8201
Ramos, Steven R. M.D.	520 East Euclid Avenue	San Antonio	78212	(210) 923-6238
	7333 Barlite Blvd Suite 220	San Antonio	78224	(210) 923-6238
Randall, Charles W. M.D.	7940 Floyd Curl Drive Suite 1050	San Antonio	78229	(210) 615-8308

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Reeder, Phillip H. M.D.	14615 San Pedro Avenue Suite 218	San Antonio	78232	(210) 271-7121
Stump, David L. M.D.	7940 Floyd Curl Drive Suite 1050	San Antonio	78229	(210) 615-8308
Swan, John Thomas M.D.	8214 Wurzbach Road	San Antonio	78229	(210) 614-1234
Hematology/Oncology				
Fisher, Barry L. M.D.	7950 Floyd Curl Drive Suite 809	San Antonio	78229	(210) 616-0670
Halka, Kathleen M.D.	1303 McCullough Avenue Suite 338	San Antonio	78212	(210) 227-6165
Holahan, Joseph R. M.D.	7950 Floyd Curl Drive Suite 809	San Antonio	78229	(210) 616-0672
Perez, Enrique M.D.	1303 McCullough Avenue Suite 338	San Antonio	78212	(210) 599-0922
Internal Medicine				
Burch, Francis X. M.D.	8527 Village Drive Suite 207	San Antonio	78217	(210) 656-3926
	12501 Judson Road Suite 202	San Antonio	78233	(210) 656-3926
Medical Geneticist				
Khodr, Gabriel S. M.D.	7711 Louis Pasteur Drive Suite 509	San Antonio	78229	(210) 615-8237
Stratton, Robert F. M.D.	730 North Main Avenue	San Antonio	78205	(210) 227-4313
Nephrology				
Bilbrey, Gordon L. M.D.	7434 Louis Pasteur Drive Suite 120	San Antonio	78229	(210) 614-1515
Brockway, Bruce A. M.D.	7940 Floyd Curl Drive Suite 750	San Antonio	78229	(210) 692-1515
Collins, Cleve B. M.D.	215 East Quincy Street Suite 610	San Antonio	78215	(210) 226-2001
Gerges, Anwar S. M.D.	215 East Quincy Street Suite 610	San Antonio	78215	(210) 226-2001
Hamner, Ronald W. M.D.	215 East Quincy Street Suite 610	San Antonio	78215	(210) 226-2001
Isbell, K. Melissa M.D.	7434 Louis Pasteur Drive Suite 120	San Antonio	78229	(210) 614-1515
Molina, Arturo M.D.	215 East Quincy Street Suite 610	San Antonio	78215	(210) 226-2001
Mulgrew, Parale J. M.D.	7434 Louis Pasteur Drive Suite 120	San Antonio	78229	(210) 614-1515
Playter, David M. M.D.	7434 Louis Pasteur Drive Suite 120	San Antonio	78229	(210) 614-1234
Ramirez, Arnaldo M.D.	215 East Quincy Street Suite 610	San Antonio	78215	(210) 226-2001
Villarreal, Victor Herman M.D.	7434 Louis Pasteur Drive Suite 120	San Antonio	78229	(210) 614-1515
Neurology				
Gordon, Wayne H. M.D.	14607 San Pedro Avenue Suite 220	San Antonio	78232	(210) 490-0016
Gruber, Allen B. M.D.	2829 Babcock Road Suite 415	San Antonio	78229	(210) 616-0830
Huey, Dicky M.D.	311 Camden Street Suite 216	San Antonio	78215	(210) 225-8301
Leforce, Bruce R. M.D.	2829 Babcock Road Suite 407	San Antonio	78229	(210) 616-0828
Martinez-Prieto, Jorge M.D.	215 East Quincy Street Suite 314	San Antonio	78215	(210) 228-0435
Roman, Gustavo C. M.D.	343 West Houston Street Suite 204	San Antonio	78205	(210) 226-8349
Obstetrics/Gynecology				
Albritton, Lamar J. M.D.	7922 Ewing Halsell Drive Suite 430	San Antonio	78229	(210) 614-3275
Aziz, Salar A. M.D.	6111 South Zarmora Street	San Antonio	78211	(210) 828-2311
	3200 Nacogdoches Road	San Antonio	78217	(210) 828-2311
Berler, James M. M.D.	4499 Medical Drive Suite 220	San Antonio	78229	(210) 615-8156
Bhatia, Neera M.D.	1303 McCullough Avenue Suite 237	San Antonio	78212	(210) 222-2694
Braid, Alan R. M.D.	4499 Medical Drive Suite 230	San Antonio	78229	(210) 615-0866
Britt, Carey L. M.D.	2829 Babcock Road Suite 325	San Antonio	78229	(210) 655-0848
	12602 Toepperwein Road Suite 108	San Antonio	78233	(210) 655-0845
Brougher, Patricia K. M.D.	7922 Ewing Halsell Drive Suite 320	San Antonio	78229	(210) 692-0831
Cardenas, Carlos M.D.	1303 McCullough Avenue Suite 365	San Antonio	78212	(210) 226-9705
	14500 San Pedro Avenue Suite 101	San Antonio	78232	(210) 226-9705
Casiano, Victor L. M.D.	540 Madison Oak Drive Suite 590	San Antonio	78258	(210) 545-3880
	311 Camden Street Suite 501	San Antonio	78215	(210) 224-7475
Castaneda, Tristan A. M.D.	414 Navarro Street Suite 1200	San Antonio	78205	(210) 226-5420
Chapman, Clyde E. M.D.	7922 Ewing Halsell Drive Suite 350	San Antonio	78229	(210) 616-0750
Chensam, Clifford R. M.D.	8711 Village Drive Suite 112	San Antonio	78217	(210) 656-2822
Crockett, Susan A. M.D.	215 East Quincy Street Suite 221	San Antonio	78215	(210) 225-5930
Cumberbatch, Karen M.D.	6515 South Zarmora Street	San Antonio	78211	(210) 924-9568
Dolen, Ender S. M.D.	7922 Ewing Halsell Drive Suite 320	San Antonio	78229	(210) 692-0831
Dooley, David R. M.D.	7922 Ewing Halsell Drive Suite 270	San Antonio	78229	(210) 616-0804
Edwards, Robert L. P. M.D.	2829 Babcock Road Suite 426	San Antonio	78229	(210) 614-9500
Ehresman, Joe B. M.D.	7711 Louis Pasteur Drive Suite 908	San Antonio	78229	(210) 615-8439
Elizondo, Roy J. M.D.	4499 Medical Drive Suite 355	San Antonio	78229	(210) 616-0715
Farina, Jose M. M.D.	1303 McCullough Avenue Suite 270	San Antonio	78212	(210) 228-0148
Garcia, Michael D. M.D.	215 East Quincy Street Suite 505	San Antonio	78215	(210) 225-5930
Garcia-Arecha, Luis M.D.	7355 Barlite Blvd Suite 405	San Antonio	78224	(210) 923-1116
Garza, David E. M.D.	7922 Ewing Halsell Drive Suite 250	San Antonio	78229	(210) 616-0792
Garza, Martha M. M.D.	4499 Medical Drive Suite 170	San Antonio	78229	(210) 614-3352
Glazener, Leighanne M.D.	7922 Ewing Halsell Drive Suite 320	San Antonio	78229	(210) 692-0831
Goldzieher, Joseph W. M.D.	1303 McCullough Avenue Suite 626	San Antonio	78212	(210) 227-7228
Hernandez, Ernesto M.D.	343 West Houston Street Suite 312	San Antonio	78205	(210) 226-5971
Highsmith, Jerome M.D.	1730 Southwest Military Drive Suite 204	San Antonio	78221	(210) 924-5502
Hilliard, Robert L. M.D.	710 Augusta Street	San Antonio	78215	(210) 225-6131

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Holshouser Jr., Charles A. M.D.	1303 McCullough Avenue Suite 542	San Antonio	78212	(210) 692-5200
Jefferys, Charles A. M.D.	4499 Medical Drive Suite 183	San Antonio	78229	(210) 692-5200
Kelley, Harmon M.D.	215 East Quincy Street Suite 505	San Antonio	78215	(210) 225-5930
Lackritz, Richard M. M.D.	4115 East Southcross Blvd Suite 102	San Antonio	78222	(210) 333-0532
Lovell, James L. M.D.	4499 Medical Drive Suite 230	San Antonio	78229	(210) 615-0866
Lundgren, Sandy M.D.	4499 Medical Drive Suite 150	San Antonio	78229	(210) 614-8181
Martin, Joseph E. M.D.	4499 Medical Drive Suite 140	San Antonio	78229	(210) 614-2229
Molina, Rudolfo M.D.	4499 Medical Drive Suite 360	San Antonio	78229	(210) 692-0577
Munoz, Ricardo M.D.	10130 Huebner Road	San Antonio	78240	(210) 690-8067
Nayar, Scheel S. M.D.	414 Navarro Street Suite 1200	San Antonio	78205	(210) 226-5420
Padilla Jr., Domingo M.D.	7355 Barlike Blvd Suite 501	San Antonio	78224	(210) 921-2229
Paine, James M. M.D.	311 Camden Street Suite 501	San Antonio	78215	(210) 224-7475
Prieto, Elias M. M.D.	7922 Ewing Halsell Drive Suite 470	San Antonio	78229	(210) 615-8404
Prieto, Gaston M.D.	730 North Main Avenue Suite 219	San Antonio	78205	(210) 227-0195
Rao, Rama K. M.D.	730 North Main Avenue Suite 219	San Antonio	78205	(210) 227-0195
	5995 Heath Road	San Antonio	78250	(210) 680-3300
	540 Madison Oak Drive	San Antonio	78258	(210) 494-9777
Rudolph, John D. M.D.	7950 Floyd Curl Drive Suite 701	San Antonio	78229	(210) 614-7566
Santoscoy, J. Rodolfo M.D.	403 West Cypress Street	San Antonio	78212	(210) 223-3031
Schorlemer, R. E. M.D.	4499 Medical Drive Suite 125	San Antonio	78229	(210) 614-9400
Schorlemer, Wendell C. M.D.	4499 Medical Drive Suite 125	San Antonio	78229	(210) 692-7777
Somerset, Elizabeth D. M.D.	7922 Ewing Halsell Drive Suite 320	San Antonio	78229	(210) 692-0831
Suris Jr., Orlando J. M.D.	1303 McCullough Avenue Suite 362	San Antonio	78212	(210) 226-9705
	14500 San Pedro Avenue Suite 101	San Antonio	78232	(210) 226-9705
Sutton, Averell H. M.D.	1303 McCullough Avenue Suite 270	San Antonio	78212	(210) 228-0705
Trautmann, Paul M.D.	2020 Babcock Road Suite 22	San Antonio	78229	(210) 616-0313
Van Wingerden, Gail M.D.	414 Navarro Street Suite 1200	San Antonio	78205	(210) 226-5420
Vancaille, Thierry G. M.D.	4499 Medical Drive Suite 289	San Antonio	78229	(210) 616-0711
Vasquez, Hector M.D.	700 South Zaramora Street Suite 306	San Antonio	78207	(210) 434-4141
Veve, Roy T. M.D.	7922 Ewing Halsell Drive Suite 420	San Antonio	78229	(210) 614-3638
Weston, Peter V. M.D.	414 Navarro Street Suite 1200	San Antonio	78205	(210) 226-5420
Whittaker, Yolanda L. M.D.	8229 Fredericksburg Road	San Antonio	78229	(210) 696-3017
Williamson, Patrick L. M.D.	2829 Babcock Road Suite 540	San Antonio	78229	(210) 616-7325
Young, Robert M. M.D.	7922 Ewing Halsell Drive Suite 460	San Antonio	78229	(210) 614-6677
Oncology				
McCracken, Joseph D. M.D.	414 Navarro Street Suite 1422	San Antonio	78205	(210) 224-6858
Narboni, Gino M.D.	1303 McCullough Avenue Suite 338	San Antonio	78212	(210) 227-6156
	12705 Toepperwein Road	San Antonio	78233	(210) 227-6156
Schell, Frank C. J. M.D.	12705 Toepperwein Road	San Antonio	78233	(210) 599-0922
Ophthalmology				
Adams, Donald F. M.D.	1919 Oakwell Farms Parkway Suite 12	San Antonio	78218	(210) 824-2800
Aguirre, Gilberto M.D.	315 North San Saba Suite 970	San Antonio	78207	(210) 225-6705
Aldrich, Robert C. M.D.	9150 Huebner Road Suite 250	San Antonio	78240	(210) 697-2020
Baribeau, Alan D. M.D.	700 South Zaramora Street Suite 302	San Antonio	78207	(210) 333-0312
	4025 East Southcross Blvd	San Antonio	78222	(210) 333-0312
Boerner, Mark J. M.D.	5430 Fredericksburg Road Suite 100	San Antonio	78229	(210) 340-1212
Bowes Jr., Harrison N. M.D.	730 North Main Avenue Suite 424	San Antonio	78205	(210) 223-4273
Burden Jr., Alfred L. M.D.	414 Navarro Street Suite 400	San Antonio	78205	(210) 227-7391
Coronado, Tomas M.D.	730 North Main Avenue Suite 418	San Antonio	78205	(210) 271-0818
Cottingham Jr., Andrew J. M.D.	2424 Babcock Road Suite 101	San Antonio	78229	(210) 692-1388
Evans, Richard M. M.D.	9150 Huebner Road Suite 280	San Antonio	78240	(210) 697-2020
Fisher, Steven J. M.D.	9150 Huebner Road Suite 280	San Antonio	78240	(210) 697-2020
Grabow, Thomas W. M.D.	12850 Bandera Road	Helotes	78023	(210) 226-2900
	730 North Main Avenue Suite 418	San Antonio	78205	(210) 226-2900
Green Jr., Robert P. M.D.	414 Navarro Street Suite 400	San Antonio	78205	(210) 223-5561
Guidera, Ann Chien M.D.	1100 North Main Avenue	San Antonio	78212	(210) 222-2154
Harris, Dudley H. M.D.	800 McCullough Avenue	San Antonio	78215	(210) 226-6169
	2119 Commercial Avenue	San Antonio	78221	(210) 922-0604
Heinrich Jr., Ward D. M.D.	4025 East Southcross Blvd Suite 30	San Antonio	78222	(210) 333-7221
Held, Kristin S. M.D.	540 Madison Oak Drive Suite 450	San Antonio	78258	(210) 490-6759
Holt, Jean Edwards M.D.	540 Madison Oak Drive Suite 450	San Antonio	78258	(210) 490-6759
Hunter, David M. M.D.	414 Navarro Street Suite 400	San Antonio	78205	(210) 223-5561
Jones, Robert N. M.D.	311 Camden Street Suite 206	San Antonio	78215	(210) 222-0196
Kiplin, Lydell C. M.D.	9150 Huebner Road Suite 280	San Antonio	78240	(210) 697-2020
Lothringer, Larry L. M.D.	302 East Quincy Street Suite 101	San Antonio	78215	(210) 225-2020
Marouf, Lisa M.D.	7940 Floyd Curl Drive Suite 820	San Antonio	78229	(210) 567-5084
McFarlane Jr., Joe R. M.D.	414 Navarro Street Suite 400	San Antonio	78205	(210) 223-5561
Mein, Calvin E. M.D.	4499 Medical Drive Suite 323	San Antonio	78229	(210) 615-1311
Nevarez, Hector M.D.	730 North Main Avenue Suite 418	San Antonio	78205	(210) 224-6633
Northcutt, James Alvin M.D.	903 South WW White Road	San Antonio	78220	(210) 333-3937
Oei, Thomas O. M.D.	1100 North Main Avenue	San Antonio	78212	(210) 222-2154
Poirier, Robert H. M.D.	7810 Louis Pasteur Drive	San Antonio	78229	(210) 692-0218
Rashid, Edward M.D.	7810 Louis Pasteur Drive	San Antonio	78229	(210) 692-0218

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TRICARE San Antonio Texas Directory

Reyna, George S. M.D.	215 East Quincy Street Suite 200	San Antonio	78215	(210) 226-5191
Rice, Robert M.D.	800 McCullough Avenue	San Antonio	78215	(210) 226-6169
Rodriguez, Richard A. M.D.	7390 Barlite Blvd Suite 315	San Antonio	78224	(210) 922-0555
Rubin, Jay M. M.D.	999 East Basse Road Suite 116	San Antonio	78209	(210) 821-6901
Saunders, John F. M.D.	7711 Louis Pasteur Drive Suite 603	San Antonio	78229	(210) 615-8383
Shacklett, David E. M.D.	12709 Toepferwein Road Suite 206	San Antonio	78233	(210) 654-8511
Shulman, David G. M.D.	999 East Basse Road Suite 116	San Antonio	78209	(210) 821-6901
Singer, Michael A. M.D.	9150 Huebner Road Suite 280	San Antonio	78240	(210) 697-2020
Speights, James W. M.D.	7940 Floyd Curl Drive Suite 820	San Antonio	78229	(210) 225-6705
Tasker, David I. M.D.	8122 Datapoint Drive Suite 820	San Antonio	78229	(210) 615-8181
	16500 San Pedro Avenue Suite 294	San Antonio	78232	(210) 496-0496
Terry, Arlo C. M.D.	414 Navarro Street Suite 400	San Antonio	78205	(210) 223-5561
Wayner, Matthew J. M.D.	7210 Louis Pasteur Drive Suite 210	San Antonio	78229	(512) 692-0603
Weixel, Francis M.D.	7711 Louis Pasteur Drive Suite 608	San Antonio	78229	(210) 615-8466
Willerson Jr., W. Darrell M.D.	303 East Quincy Street Suite 100	San Antonio	78215	(210) 271-7648
Wilson, Martha C. M.D.	215 East Quincy Street Suite 325	San Antonio	78215	(210) 223-5437
Otolaryngology (ENT)				
Atkins Jr., James H. M.D.	7940 Floyd Curl Drive Suite 400	San Antonio	78229	(210) 616-0096
Gordon, William W. M.D.	7940 Floyd Curl Drive Suite 400	San Antonio	78229	(210) 616-0096
Henderson, Diana H. M.D.	7711 Louis Pasteur Drive Suite 605	San Antonio	78229	(210) 615-8332
Moss Jr., Jesse M.D.	12602 Toepferwein Road Suite 211	San Antonio	78233	(210) 656-8888
Portelli, Felix R. M.D.	414 Navarro Street Suite 816	San Antonio	78205	(210) 227-6119
	7711 Louis Pasteur Drive Suite 606	San Antonio	78229	(210) 614-9090
Otology, Laryngology, Rhinology				
Bertino, Michael H. M.D.	1954 East Houston Street Room 205	San Antonio	78202	(210) 614-1326
	311 Camden Street Suite 304	San Antonio	78215	(210) 314-1326
	2833 Babcock Road Suite 330	San Antonio	78229	(210) 614-1326
Bonilla, Juan A. M.D.	8122 Datapoint Drive Suite 1050	San Antonio	78229	(210) 614-0171
Bowes, Anita King M.D.	8122 Datapoint Drive Suite 1050	San Antonio	78229	(210) 614-0171
Damsby, Thomas M.D.	700 South Zarzamora Street Suite 315	San Antonio	78207	(210) 436-0623
Holt, Richard G. M.D.	540 Madison Oak Drive Suite 450	San Antonio	78258	(210) 490-6371
Laursen, G. Paul M.D.	2833 Babcock Road Suite 330	San Antonio	78229	(210) 614-1326
	12709 Toepferwein Road Suite 111	San Antonio	78233	(210) 656-9056
Palmer, Bernard W. M.D.	311 Camden Street Suite 303	San Antonio	78215	(210) 226-3383
Ruiz, Gilbert M. M.D.	2833 Babcock Road Suite 330	San Antonio	78229	(210) 614-1326
Rupp, R. Nevin M.D.	7711 Louis Pasteur Drive Suite 412	San Antonio	78229	(210) 614-3846
Schilling, Harry M.D.	2833 Babcock Road Suite 330	San Antonio	78229	(210) 614-1326
Talley, Stephen J. M.D.	8711 Village Drive Suite 200	San Antonio	78217	(210) 590-2597
	12709 Toepferwein Road Suite 111	San Antonio	78233	(210) 590-2597
Thilgen, Robert D. M.D.	1303 McCullough Avenue Suite 538	San Antonio	78212	(210) 224-2123
Physical Medicine & Rehabilitation				
Abello, Fortunato B. M.D.	3015 San Pedro Avenue Suite 102	San Antonio	78212	(210) 737-2262
Barker, Michael P. M.D.	2140 Babcock Road Suite 201	San Antonio	78229	(210) 692-2000
	4410 Medical Drive Suite 120	San Antonio	78229	(210) 614-3488
Gonzales, Joe G. M.D.	2140 Babcock Road Suite 201	San Antonio	78229	(210) 692-2000
	4410 Medical Drive Suite 120	San Antonio	78229	(210) 614-3488
Ko, Kiem H. M.D.	730 North Main Avenue Suite 405	San Antonio	78205	(210) 227-1850
Kumara, Halekote N. M.D.	7355 Barlite Blvd Suite 401	San Antonio	78224	(210) 921-2011
Mulroy, Patrick W. M.D.	2140 Babcock Road Suite 201	San Antonio	78229	(210) 692-2000
	4410 Medical Drive Suite 120	San Antonio	78229	(210) 692-2050
Rana, Chaula J. M.D.	2829 Babcock Road Suite 308	San Antonio	78229	(210) 614-3225
Rolfini, Roberto M.D.	343 West Houston Street Suite 102	San Antonio	78205	(210) 226-2424
Roman, Angel M. M.D.	2140 Babcock Road Suite 201	San Antonio	78229	(210) 692-2000
	4410 Medical Drive Suite 120	San Antonio	78229	(210) 692-2050
Santos, Jose A. M.D.	2829 Babcock Road Suite 308	San Antonio	78229	(210) 614-3228
Theagene, Samuel M. M.D.	6430 Bandera Road Suite 98	San Antonio	78238	(210) 226-7349
Willingham, Alex C. M.D.	2140 Babcock Road Suite 201	San Antonio	78229	(210) 692-2000
	4410 Medical Drive Suite 120	San Antonio	78229	(210) 692-2050
Pulmonary Medicine				
Andrews, Charles M.D.	4410 Medical Drive Suite 440	San Antonio	78229	(210) 692-9400
Bell, Randall C. M.D.	4410 Medical Drive Suite 440	San Antonio	78229	(210) 692-9400
Higuchi, Junji H. M.D.	1303 McCullough Avenue Suite 343	San Antonio	78212	(210) 224-3241
Holcomb, John R. M.D.	4410 Medical Drive Suite 440	San Antonio	78229	(210) 692-9400
Schenk, David M.D.	7940 Floyd Curl Drive Suite 440	San Antonio	78229	(210) 692-0361
Sepulveda, Pedro M.D.	2709 Toepferwein Road Suite 110	San Antonio	78233	(210) 646-0833
Wooley, Michael W. M.D.	7940 Floyd Curl Drive Suite 440	San Antonio	78229	(210) 692-0361
Zamora, Cynthia A. M.D.	2829 Babcock Road Suite 726	San Antonio	78229	(210) 614-6000
Radiation Therapy				
Apria Healthcare	18503 Sigma Road Suite 200	San Antonio	78258	(210) 494-0203

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TRICARE San Antonio Texas Directory**Radiology**

Bozzini, Miguel A. M.D.	8038 Wurzbach Road Suite 270	San Antonio	78229	(210) 616-0866
Voltz, Phillip W. M.D.	8038 Wurzbach Road Suite 270	San Antonio	78229	(210) 616-0866
West, Gary W. M.D.	8038 Wurzbach Road Suite 270	San Antonio	78229	(210) 616-0866

Rheumatology

Huff, John P. M.D.	10130 Huebner Road	San Antonio	78240	(210) 690-8067
Rosenberg, Gerald T. M.D.	10130 Huebner Road	San Antonio	78240	(210) 690-8067
Rutstein, Joel M.D.	10130 Huebner Road	San Antonio	78240	(210) 690-8067

Surgery, Colon & Rectal

Abrego, Daniel M.D.	730 North Main Avenue Suite 808	San Antonio	78205	(210) 226-4139
Caldarola, Vincent T. M.D.	4499 Medical Drive Suite 250	San Antonio	78229	(210) 614-3565
Rogers, Randall D. M.D.	1303 McCullough Avenue Suite 265	San Antonio	78212	(210) 224-0402

Surgery, General

Abuabara, Sabae F. M.D.	730 North Main Avenue Suite 704	San Antonio	78205	(210) 271-0264
Bratcher, Everett M.D.	205 Channing Court	San Antonio	78229	(210) 670-9030
Caldarola, Vincent T. M.D.	520 Madison Suite 440	San Antonio	78204	(210) 614-3565
Canto-Willman, Raul S. M.D.	343 West Houston Street Suite 912	San Antonio	78205	(210) 224-4836
Cardenas, Michael A. M.D.	8042 Wurzbach Road Suite 310	San Antonio	78229	(210) 614-5113
Cohen, Lawrence A. M.D.	8042 Wurzbach Road Suite 310	San Antonio	78229	(210) 614-5113
Crouch, David M. M.D.	8038 Wurzbach Road Suite 480	San Antonio	78229	(210) 614-1830
Dorman, James M.D.	4242 East Southcross Blvd Suite 4	San Antonio	78222	(210) 333-7500
Edling, John M.D.	7922 Ewing Halsell Drive Suite 100	San Antonio	78229	(210) 615-8585
Farrimond, Kenneth L. M.D.	7711 Louis Pasteur Drive Suite 914	San Antonio	78229	(210) 696-4460
Fischer, Richard E. M.D.	12709 Toepperwein Road Suite 203	San Antonio	78233	(210) 653-9307
Franklin Jr., Morris E. M.D.	4242 East Southcross Blvd Suite 4	San Antonio	78222	(210) 333-7510
Gil, Jose D. M.D.	215 East Quincy Street Suite 420	San Antonio	78215	(210) 224-1971
Gurwitz, Brad, M.D.	8042 Wurzbach Road Suite 310	San Antonio	78229	(210) 614-5113
Hall, Gary M. M.D.	12709 Toepperwein Road Suite 203	San Antonio	78233	(210) 393-2527
Hickman, Alfredo M.D.	730 North Main Avenue Suite 321	San Antonio	78205	(210) 222-2842
Hills, William J. M.D.	414 Navarro Street Suite 1026	San Antonio	78205	(210) 220-1701
Jimenez-Cerna, Angel R. M.D.	343 West Houston Street Suite 806	San Antonio	78205	(210) 224-5563
Kayruz, Naji J. M.D.	315 North San Saba Suite 1295	San Antonio	78207	(210) 921-3800
Laborde, Alfred L. M.D.	4330 Medical Drive Suite 225	San Antonio	78229	(210) 614-7414
Leist, Doris M. M.D.	540 Madison Oak Drive Suite 660	San Antonio	78258	(210) 490-6131
Marroquin, Arturo M.D.	215 North San Saba Suite 102	San Antonio	78207	(210) 227-2717
McGovern, Bruce M.D.	7711 Louis Pasteur Drive Suite 311	San Antonio	78229	(210) 616-0693
Mozersky, David J. M.D.	4330 Medical Drive Suite 225	San Antonio	78229	(210) 614-7414
Mullins, David C. M.D.	2833 Babcock Road Suite 425	San Antonio	78229	(210) 614-3388
Pelegria, Miguel A. M.D.	8122 Datapoint Drive Suite 1240	San Antonio	78229	(210) 614-3900
Robinson Jr., Douglas W. M.D.	8042 Wurzbach Road Suite 310	San Antonio	78229	(210) 696-5113
Rusinko, Andrew M.D.	523 Richmond Avenue	San Antonio	78215	(210) 226-7542
Safford, Kathryn L. M.D.	7711 Louis Pasteur Drive Suite 615	San Antonio	78229	(210) 692-9090
Skinner, Clay R. M.D.	124 Dallas Street	San Antonio	78205	(210) 224-1771
Tramer, Jonathan O. M.D.	8042 Wurzbach Road Suite 310	San Antonio	78229	(210) 614-5113
Viswanathan, Bala M.D.	540 Madison Oak Drive Suite 320	San Antonio	78258	(210) 545-5455
Weksler, Jorge Oscar M.D.	730 North Main Avenue Suite 715	San Antonio	78205	(210) 226-8261
Woodard, Russell M.D.	8042 Wurzbach Road Suite 310	San Antonio	78229	(210) 614-5113
Zeigler, Michael G. M.D.	8042 Wurzbach Road Suite 310	San Antonio	78229	(210) 614-5113

Surgery, Hand

Coleman, Woodward L. M.D.	414 Navarro Street Suite 809	San Antonio	78205	(210) 244-5800
	2829 Babcock Road Suite 336	San Antonio	78229	(210) 244-5800
Jones, Michael L. M.D.	414 Navarro Street Suite 809	San Antonio	78205	(210) 244-5800
	2829 Babcock Road Suite 300	San Antonio	78229	(210) 244-5800
Otto, Nancy R. M.D.	8500 Village Drive Suite 203	San Antonio	78217	(210) 654-7056
Saldana, Miguel J. M.D.	414 Navarro Street Suite 809	San Antonio	78205	(210) 244-5800
	2829 Babcock Road Suite 336	San Antonio	78229	(210) 979-2500

Surgery, Maxillofacial

Lemke, Robert R. M.D.	14500 San Pedro Avenue Suite 102	San Antonio	78232	(210) 491-0015
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Surgery, Neurological

Dossmann, William F. M.D.	4410 Medical Drive Suite 450	San Antonio	78229	(210) 692-0703
Parra, Rafael M.D.	343 West Houston Street Suite 204	San Antonio	78205	(210) 226-8349
Wissinger, John P. M.D.	4410 Medical Drive Suite 450	San Antonio	78229	(210) 692-0703

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TRICARE San Antonio Texas Directory**Surgery, Oral (Dentist Only)**

Franco, James E. D.D.S.	5282 Medical Drive Suite 440	San Antonio	78229	(210) 692-3550
Porales, Carlos D.D.S.	414 Navarro Street Suite 1220	San Antonio	78205	(210) 225-9811
	2803 Mosrock Suite 102	San Antonio	78230	(210) 349-3161
Rominger, James W. D.D.S.	5282 Medical Drive Suite 440	San Antonio	78229	(210) 692-3550
Test III, Don N. D.D.S.	414 Navarro Street Suite 1220	San Antonio	78205	(210) 225-6511
	2803 Mosrock Suite 102	San Antonio	78230	(210) 349-3161
Witcher Jr., Seth D.D.S.	540 Madison Oak Drive Suite 210	San Antonio	78258	(210) 494-1961
Witcher, Seth L. D.D.S.	6722 South Flores Street	San Antonio	78221	(210) 924-3977

Surgery, Orthopedic

Benavides, German M.D.	343 West Houston Street Suite 406	San Antonio	78205	(210) 223-5968
Boehme, Donna M. M.D.	7711 Louis Pasteur Drive Suite 310	San Antonio	78229	(210) 692-9333
Bustamante, Mario A. M.D.	315 North San Saba Suite 1100	San Antonio	78207	(210) 222-2212
	7355 Barlite Blvd Suite 201	San Antonio	78224	(210) 922-0808
Butler, Milton C. M.D.	9150 Huebner Road Suite 250-B	San Antonio	78240	(210) 561-7110
Coleman, Woodward L. M.D.	414 Navarro Street Suite 809	San Antonio	78205	(210) 227-4263
	2829 Babcock Road Suite 336	San Antonio	78229	(210) 979-2500
Collie III, Lamar P. M.D.	7950 Floyd Curl Drive Suite 702	San Antonio	78229	(210) 614-1020
Craven Jr., Phillip R. M.D.	9150 Huebner Road Suite 350	San Antonio	78240	(210) 561-7200
Curtis, Ralph J. M.D.	414 Navarro Street Suite 1128	San Antonio	78205	(800) 210-7843
	9150 Huebner Road Suite 250	San Antonio	78240	(210) 561-7100
Delee, Jesse C. M.D.	9150 Huebner Road Suite 250-A	San Antonio	78240	(210) 561-7100
Edwards Jr., William H. M.D.	9150 Huebner Road Suite 350	San Antonio	78240	(210) 561-7234
Escalante, Alonso M.D.	8500 Village Drive Suite 203	San Antonio	78217	(210) 654-7056
Evans, John A. M.D.	9150 Huebner Road Suite 250	San Antonio	78240	(210) 561-7000
Garcia, Frank J. M.D.	315 North San Saba Suite 1100	San Antonio	78207	(210) 222-2212
	7355 Barlite Blvd Suite 210	San Antonio	78224	(210) 224-7878
Geibel, Paul T. M.D.	7614 Louis Pasteur Drive Suite 300	San Antonio	78229	(210) 657-6948
Gioletz, Ty H. M.D.	7940 Floyd Curl Drive Suite 560	San Antonio	78229	(210) 690-5200
Guajardo, Pablo M.D.	2406 Commercial Avenue Suite E	San Antonio	78221	(210) 922-0621
Gutzman, Dennis M.D.	2424 Babcock Road Suite 201	San Antonio	78229	(210) 690-8200
Hall, Brad B. M.D.	9150 Huebner Road Suite 350	San Antonio	78240	(210) 561-7234
Hassell, Howard J. M.D.	8255 Fredericksburg Road	San Antonio	78229	(210) 615-8292
Johnson, Robert G. M.D.	9150 Huebner Road Suite 350	San Antonio	78240	(210) 561-7234
Jones, Michael L. M.D.	414 Navarro Street Suite 809	San Antonio	78205	(210) 227-4263
	2829 Babcock Road Suite 300	San Antonio	78229	(210) 979-2500
Kimmel, Robert B. M.D.	9150 Huebner Road Suite 250-A	San Antonio	78240	(210) 561-7100
Lunkes, Roger J. M.D.	540 Madison Oak Drive Suite 350	San Antonio	78258	(210) 490-7470
Neidre, Arvo M.D.	9150 Huebner Road Suite 350	San Antonio	78240	(210) 461-7234
Newby, Marvin G. M.D.	9150 Huebner Road Suite 250-B	San Antonio	78240	(210) 561-7110
Olin, Fred H. M.D.	7950 Floyd Curl Drive Suite 702	San Antonio	78229	(210) 614-1020
Pipkin, Charles Stuart M.D.	7614 Louis Pasteur Drive Suite 300	San Antonio	78229	(210) 641-6432
Roberts, David A. M.D.	4203 East Southcross Blvd	San Antonio	78222	(210) 561-7234
	9150 Huebner Road Suite 350	San Antonio	78240	(210) 561-7234
Rodriguez Jr., Francisco J. M.D.	1730 Southwest Military Drive Suite 201	San Antonio	78221	(210) 924-7356
Smith, Gene R. M.D.	8255 Fredericksburg Road	San Antonio	78229	(210) 615-8292
Tippet, Joe W. M.D.	4203 East Southcross Blvd	San Antonio	78222	(210) 337-5785
Trick, Lorence D. M.D.	414 Navarro Street Suite 1128	San Antonio	78205	(210) 351-6500
Williamson, John A. M.D.	9150 Huebner Road Suite 250-B	San Antonio	78240	(210) 561-7110
Wilson, Patrick H. M.D.	2829 Babcock Road Suite 540	San Antonio	78229	(210) 614-8200
Wilson, Richard P. M.D.	2829 Babcock Road Suite 525	San Antonio	78229	(210) 614-8200

Surgery, Plastic

Campbell, Sean P. M.D.	7950 Floyd Curl Drive Suite 1009	San Antonio	78229	(210) 616-0880
Dennis, Lebaron M.D.	7959 Broadway Street Suite 602	San Antonio	78209	(210) 822-1662
Fisher, David J. M.D.	7950 Floyd Curl Drive Suite 109	San Antonio	78229	(210) 616-0798
Fisher, Peter M.D.	7950 Floyd Curl Drive Suite 109	San Antonio	78229	(210) 614-1550
Gallegos, Francisco M.D.	343 West Houston Street Suite 605	San Antonio	78205	(210) 223-3872
Kulungowski, Michael A. D.O.	540 Madison Oak Drive Suite 560	San Antonio	78258	(210) 545-4348
Levine, Richard A. M.D.	8500 Village Drive Suite 102	San Antonio	78217	(210) 654-4089
Novick, Donald N. M.D.	7950 Floyd Curl Drive Suite 109	San Antonio	78229	(210) 699-1146
Ortiz, Julio E. M.D.	1303 McCullough Avenue Suite 441	San Antonio	78212	(210) 225-5164
Westfield, Terry L. M.D.	2829 Babcock Road Suite 738	San Antonio	78229	(210) 692-0012
Young, Robert N. M.D.	8800 Village Drive Suite 202	San Antonio	78217	(210) 545-4848
	540 Madison Oak Drive Suite 560	San Antonio	78258	(210) 545-4848

Surgery, Thoracic

Armstrong, Raymond G. M.D.	4330 Medical Drive Suite 325	San Antonio	78229	(210) 615-1777
Chascano, Alfonso M.D.	4330 Medical Drive Suite 275	San Antonio	78229	(210) 615-6626
Davis, William M. M.D.	7950 Floyd Curl Drive Suite 1005	San Antonio	78229	(210) 615-1955
Kelly, Jerry R. M.D.	7950 Floyd Curl Drive Suite 1005	San Antonio	78229	(210) 615-1955
Marcos, Javier J. M.D.	4330 Medical Drive Suite 275	San Antonio	78229	(210) 696-5451

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TRICARE San Antonio Texas Directory

McFaul, Robert B. M.D.	7390 Barlite Blvd Suite 215	San Antonio	78224	(210) 977-8575
Spebar, Michael J. M.D.	1303 McCullough Avenue Suite 441	San Antonio	78212	(210) 225-7482
Zorrilla, Leopoldo M.D.	4330 Medical Drive Suite 325	San Antonio	78229	(210) 615-1777
Surgery, Thoracic & Vascular				
Blumoff, Ronald L. M.D.	215 East Quincy Street Suite 427	San Antonio	78215	(210) 225-6508
	540 Madison Oak Drive Suite 400	San Antonio	78258	(210) 225-6508
Hamner III, Larry R. M.D.	4330 Medical Drive Suite 300	San Antonio	78229	(210) 616-0008
Lyda, Timothy S. M.D.	7950 Floyd Curl Drive Suite 1005	San Antonio	78229	(210) 615-1955
Moore, Charles H. M.D.	8201 Ewing Halsell Drive Suite 210	San Antonio	78229	(210) 616-0837
Smith III, J. Marvin M.D.	4330 Medical Drive Suite 300	San Antonio	78229	(210) 616-0008
Tamez, Daniel D. M.D.	215 East Quincy Street Suite 427	San Antonio	78215	(210) 225-6508
Thompson III, Robert K. M.D.	8534 Village Drive Suite A	San Antonio	78217	(210) 656-5098
Wolf Jr., Edward A. M.D.	4330 Medical Drive Suite 225	San Antonio	78229	(210) 614-7414
Urology				
Banowsky, Lynn H. M.D.	8038 Wurzbach Road Suite 430	San Antonio	78229	(210) 616-0410
Best, George S. M.D.	8601 Village Drive Suite 206	San Antonio	78217	(210) 590-1018
Burkholder, George V. M.D.	4410 Medical Drive Suite 300	San Antonio	78229	(210) 614-4544
Case, George M.D.	414 Navarro Street Suite 914	San Antonio	78205	(210) 225-7194
	8500 Village Drive Suite 300	San Antonio	78217	(210) 655-2411
Centeno, Arthur S. M.D.	315 North San Saba Suite 990	San Antonio	78207	(210) 226-7020
Deleon Jr., John J. M.D.	1303 McCullough Avenue Suite 166	San Antonio	78212	(210) 225-4444
Fitch III, William P. M.D.	8038 Wurzbach Road Suite 430	San Antonio	78229	(210) 616-0410
Gonzalez, Rogelio I. M.D.	700 South Zaramora Street Suite 312	San Antonio	78207	(210) 435-3782
Hiavinka, Timothy C. M.D.	4410 Medical Drive Suite 300	San Antonio	78229	(210) 614-4544
Hudnall, Clayton H. M.D.	315 North San Saba Suite 990	San Antonio	78207	(210) 226-7020
Kruse, Jerry E. M.D.	1303 McCullough Avenue Suite 561	San Antonio	78212	(210) 227-9376
Mueller, Edward J. M.D.	4499 Medical Drive Suite 261	San Antonio	78229	(210) 614-0222
Nadig, Perry W. M.D.	1303 McCullough Avenue Suite 561	San Antonio	78212	(210) 227-9376
Newell, Michael E. M.D.	4410 Medical Drive Suite 300	San Antonio	78229	(210) 614-4544
Oneill, Thomas K. M.D.	4410 Medical Drive Suite 300	San Antonio	78229	(210) 614-4544
Polsky, Sheldon M. M.D.	8042 Wurzbach Road Suite 260	San Antonio	78229	(210) 615-0999
Radwin, Howard M. M.D.	8038 Wurzbach Road Suite 430	San Antonio	78229	(210) 616-0410
Reyna, Juan A. M.D.	315 North San Saba Suite 990	San Antonio	78207	(210) 226-7020
Ritchie, Elizabeth L. M.D.	8211 Fredericksburg Road	San Antonio	78229	(210) 694-4161
Russell, Lewis F. M.D.	8500 Village Drive Suite 300	San Antonio	78217	(210) 655-2411
Sarnacki, Clifford T. M.D.	4499 Medical Drive Suite 222	San Antonio	78229	(210) 614-5603
Schuessler, William M.D.	4242 East Southcross Blvd Suite 11	San Antonio	78222	(210) 333-9010
Singleton, Randall P. M.D.	4410 Medical Drive Suite 300	San Antonio	78229	(210) 614-4544
Spence, C. Ritchie M.D.	4410 Medical Drive Suite 300	San Antonio	78229	(210) 614-4544
Stephenson, Jackie M.D.	315 North San Saba Suite 1295	San Antonio	78207	(210) 921-3800
Talley, David R. M.D.	720 Pleasanton Road	San Antonio	78214	(210) 921-3800
	315 North San Saba Suite 990	San Antonio	78207	(210) 226-7020
Tecuanhuey, Leopoldo V. M.D.	2829 Babcock Road Suite 639	San Antonio	78229	(210) 614-6075
Vick, Sammy C. M.D.	343 West Houston Street Suite 801	San Antonio	78205	(210) 222-2233
	8038 Wurzbach Road Suite 430	San Antonio	78229	(210) 616-0410
Allied Health Professionals				
Optometrist				
Gutierrez, Mario O.D.	5212 Broadway Street	San Antonio	78209	(210) 829-8083
Podiatry				
Adam, Richard C. D.P.M.	2829 Babcock Road Suite 115	San Antonio	78229	(210) 696-9724
Beal, Roger J. D.P.M.	4499 Medical Drive Suite 343	San Antonio	78229	(210) 691-2984
Bellacosa, Richard A. D.P.M.	7950 Floyd Curl Drive Suite 28	San Antonio	78229	(210) 692-0360
	14615 San Pedro Avenue Suite 235	San Antonio	78232	(210) 490-1871
Bogy, Louis T. D.P.M.	4402 Vance Jackson Road Suite 146	San Antonio	78230	(210) 341-2202
Gillespie, Brent W. D.P.M.	1910 Nacogdoches Road Suite 10	San Antonio	78209	(210) 821-5346
Goad, Richard D.P.M.	730 North Main Avenue Suite 824	San Antonio	78205	(210) 299-3922
Harkless, Lawrence D.P.M.	7703 Floyd Curl Drive	San Antonio	78284	(210) 567-6503
Higgins, Kevin R. D.P.M.	8800 Village Drive Suite 202	San Antonio	78217	(210) 657-2644
Jonke, Judith Ann D.P.M.	8038 Wurzbach Road Suite 280	San Antonio	78229	(210) 614-4209
Lovelady, William D. D.P.M.	7540 Louis Pasteur Drive Suite 204	San Antonio	78229	(210) 614-3155
Melton, Charles M. D.P.M.	1804 Northeast Loop 410 Suite 200	San Antonio	78217	(210) 829-1880
Ogden, James D. D.P.M.	8400 Blanco Road Suite 204	San Antonio	78216	(210) 341-4183
	7355 Barlite Blvd Suite 504	San Antonio	78224	(210) 341-4183
Pollak, Richard A. D.P.M.	7950 Floyd Curl Drive Suite 28	San Antonio	78229	(210) 692-0279
Rezendes, Catherine D.P.M.	730 North Main Avenue Suite 824	San Antonio	78205	(210) 299-3922
Snyder, Steven P. D.P.M.	10615 Perrin Beitel Road Suite 301	San Antonio	78217	(210) 656-3236

Patient load may influence an individual provider's ability to accept new patients. Please contact the provider's office to verify current status.

TRICARE San Antonio Texas Directory

Strash, Walter W. D.P.M.	7700 Broadway Street Suite 100-I	San Antonio	78209	(210) 829-8770
	2829 Babcock Road Suite 300	San Antonio	78229	(210) 593-0000
Stribling, Morris A. D.P.M.	205 East Evergreen Street Suite C	San Antonio	78212	(210) 224-9214
Vranes, Robert D.P.M.	9150 Huebner Road Suite 270	San Antonio	78240	(210) 561-7080

Other Providers**Ambulance Service Supplier**

Ameristat South Central	10116 Huebner Road	San Antonio	78240	(210) 558-7602
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Durable Medical Equipment (DME)

Apria Healthcare	6803 San Pedro Avenue	San Antonio	78216	(210) 344-0164
	4319 Medical Drive Suite 200	San Antonio	78229	(210) 614-6191
Assistance Home Medical Care	2403 Boardwalk Street	San Antonio	78217	(210) 826-8115
Novacare O & P	503 San Pedro Avenue	San Antonio	78212	(210) 227-2471
	1901 Babcock Road Suite 103	San Antonio	78229	(210) 340-5972

Home Health Care Agency

Apria Healthcare	6803 San Pedro Avenue	San Antonio	78216	(210) 344-0164
	4319 Medical Drive Suite 200	San Antonio	78229	(210) 614-6191

Independent Laboratory

Smithkline Beecham Clinical Laboratory	1303 McCullough Avenue Suite 228	San Antonio	78212	(210) 225-5101
	4020 Naco Perrin Blvd	San Antonio	78217	(210) 656-7287
	8303 West Military Drive	San Antonio	78227	(210) 674-6130
	7434 Louis Pasteur Drive Suite 101	San Antonio	78229	(210) 225-5101
	8431 Fredericksburg Road Suite 170	San Antonio	78229	(210) 617-1907
	601 North Frio Street	San Antonio	78207	(210) 225-5101

Facilities**Freestanding Ambulatory Surgery Center**

South Texas Ambulatory Surgery	9150 Huebner Road Suite 100	San Antonio	78240	(210) 561-7250
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General Medical and Surgical

Metropolitan Hospital	1310 McCullough Avenue	San Antonio	78212	(210) 308-2300
Northeast Methodist Hospital	12412 Judson Road	San Antonio	78233	(210) 650-4949
San Antonio Community Hospital	8026 Floyd Curl Drive	San Antonio	78229	(210) 692-8110
Southwest General Hospital	7400 Barlite Blvd	San Antonio	78224	(210) 921-3512
Southwest Texas Methodist Hospital	7700 Floyd Curl Drive	San Antonio	78229	(210) 692-4000
Women's and Children's Hospital	8109 Fredericksburg Road	San Antonio	78229	(210) 692-5000

Rehabilitation

Healthsouth Rehabilitation Institute-San Antonio	9119 Cinnamon Hill	San Antonio	78240	(210) 691-0737
Healthsouth Rehabilitation Center	5121 Crestway Drive Suite 300	San Antonio	78239	(210) 590-7507
	1313 Southeast Military Drive Suite 105	San Antonio	78214	(210) 924-3800

CALDWELL COUNTY**Primary Care Managers****Family Practice**

Kurtley, Randall W. M.D.	1 Professional Plaza	Lockhart	78644	(512) 398-2331
Romanek, Barton J. M.D.	7 Professional Plaza	Lockhart	78644	(512) 398-5249

Specialists**Ophthalmology**

Brent, Byron D. M.D.	1101 West San Antonio Street	Lockhart	78644	(210) 454-0333
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Facilities**General Medical and Surgical**

Edgar B. Davis Memorial Hospital	130 Hays Street	Luling	78648	(210) 875-5643
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Patient load may influence an individual provider's ability to accept new patients. Please contact the provider's office to verify current status.

COMAL COUNTY**Primary Care Managers****Family Practice**

Campos, Carlos M.D.	189 East Austin Street Suite 102	New Braunfels	78130	(210) 629-8161
Handshy, Stanley E. M.D.	189 East Austin Street Suite 106	New Braunfels	78130	(210) 629-7776
Ousley, Stephen H. M.D.	955 Loop 337	New Braunfels	78130	(210) 625-7748
Thompson, Lynn F. M.D.	955 Loop 337	New Braunfels	78130	(210) 625-7748

Specialists**Anesthesiology**

Covey, Brenda K. M.D.	143 East Garza Street Suite 101	New Braunfels	78130	(210) 625-3487
Ramos, Luis R. M.D.	143 East Garza Street Suite 101	New Braunfels	78130	(210) 625-3487
Soechting, Henry W. M.D.	143 East Garza Street Suite 101	New Braunfels	78130	(210) 625-3487

Cardiovascular Disease

Casey, Christopher W. M.D.	652 North Houston Avenue Suite 2	New Braunfels	78130	(210) 804-6000
Garza, Juan L. M.D.	652 North Houston Avenue Suite 2	New Braunfels	78130	(210) 609-9058
Kraner, David H. M.D.	652 North Houston Avenue Suite 4	New Braunfels	78130	(210) 692-3455
Oliveros, Rene A. M.D.	652 North Houston Avenue Suite 2	New Braunfels	78130	(210) 804-6000
Rubalcava, Frank J. M.D.	652 North Houston Avenue Suite 2	New Braunfels	78130	(210) 609-9058
Trusevich, Theodor M. M.D.	652 North Houston Avenue Suite 2	New Braunfels	78130	(210) 609-9058

Dermatology

Tieman, John M. M.D.	876 Loop 337 Suite 201-B	New Braunfels	78130	(210) 625-1786
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Gastroenterology

Coles, Edward M.D.	193 West Austin Street	New Braunfels	78130	(210) 625-6961
Deschner, William M.D.	193 West Austin Street	New Braunfels	78130	(210) 625-6961
Kepczyk, Thomas M.D.	193 West Austin Street	New Braunfels	78130	(210) 625-6961

Nephrology

Player, David M. M.D.	900 Loop 337 Suite 102	New Braunfels	78130	(210) 606-0333
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Neurology

Davis, Bill D. M.D.	652 North Houston Avenue Suite 3	New Braunfels	78130	(210) 625-6564
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Obstetrics/Gynecology

Forney III, John P. M.D.	712 North Houston Avenue	New Braunfels	78130	(210) 629-5000
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Oncology

Schell, Frank C.J. M.D.	593 North Union Avenue Suite B	New Braunfels	78130	(210) 606-5534
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Ophthalmology

Tschoepe, Michael D. M.D.	218 East Austin Street	New Braunfels	78130	(210) 625-6905
Way, David M. M.D.	457 Landa Street Suite A	New Braunfels	78130	(210) 625-2335

Pathology

Foley, F. Daniel F. M.D.	143 East Garza Street	New Braunfels	78130	(210) 606-9111
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Radiology

Bazan, Fernando M.D.	143 East Garza Street	New Braunfels	78130	(210) 606-9111
Houtow, Brenda J. M.D.	777 Loop 337	New Braunfels	78130	(210) 620-5747
Milbourn, John M. M.D.	143 East Garza Street	New Braunfels	78130	(210) 606-9111

Surgery, General

Koeper, Mark F. M.D.	625 North Houston Avenue Suite 4	New Braunfels	78130	(210) 625-6258
Tilly, Michael L. M.D.	152 East Coll Street	New Braunfels	78130	(210) 620-1191

Surgery, Maxillofacial

Barr, Gary S. M.D.	705 Landa Street Suite E	New Braunfels	78130	(210) 625-6914
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Surgery, Orthopedic

Roeder Jr., Loddie F. M.D.	189 East Austin Street Suite 101	New Braunfels	78130	(210) 629-0002
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TRICARE San Antonio Texas Directory

Allied Health Professionals**Physical Therapist (Independent)**

Hazel, Janet P.T.	864 Loop 337 Suite C	New Braunfels	78130	(210) 625-7300
Rodriguez, Robert P.T.	864 Loop 337 Suite C	New Braunfels	78130	(210) 625-7300
Stepp, Rick P.T.	864 Loop 337 Suite C	New Braunfels	78130	(210) 625-7300

Podiatry

Jonke, Judith Ann D.P.M.	925 Loop 337	New Braunfels	78130	(210) 629-7233
Murdoch, Douglas P. D.P.M.	150 South Seguin Avenue	New Braunfels	78130	(210) 625-1642

Other Providers**Durable Medical Equipment (DME)**

Apria Healthcare	137 Interstate Highway 35 South	New Braunfels	78130	(210) 629-8018
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Home Health Care Agency

Apria Healthcare	137 Interstate Highway 35 South	New Braunfels	78130	(210) 629-8018
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Facilities**General Medical and Surgical**

McKenna Memorial Hospital	143 East Garza Street	New Braunfels	78130	(210) 606-9111
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GUADALUPE COUNTY**Primary Care Managers****Family Practice**

Garton, Susan M. D.O.	100 Highway 78	Schertz	78154	(210) 658-3542
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HAYS COUNTY**Primary Care Managers****Austin Diagnostic Clinic**

Please Note: If you wish to use an Austin Diagnostic Clinic physician as your Primary Care Manager, please list The Austin Diagnostic Clinic's name on your application, not the name of the individual physician. For your convenience, if you use The Austin Diagnostic Clinic, you are able to see any physician at any of the Austin Diagnostic clinic locations listed below. Please call for an appointment.

Internal Medicine

Smith, Grayson M.D.	115 Warden Lane	San Marcos	78666	(512) 353-8666
Smith, Ken M.D.	115 Warden Lane	San Marcos	78666	(512) 353-8666

HAYS COUNTY**Primary Care Managers****Family Practice**

Anderson, Charles P. M.D.	312 West San Antonio Street	San Marcos	78666	(512) 396-3663
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Specialists**Cardiovascular Disease**

Minor, Steven M.D.	2002 Medical Parkway Suite B	San Marcos	78666	(512) 396-5603
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Gastroenterology

Coles, Edward F. M.D.	1305 Wonderland Drive Suite 200	San Marcos	78666	(512) 754-8676
Deschner, William Kern M.D.	1305 Wonderland Drive Suite 200	San Marcos	78666	(512) 754-8676
Kepczyk, Thomas M.D.	1305 Wonderland Drive Suite 200	San Marcos	78666	(210) 754-8676

Internal Medicine

Soto, Cecilia M.D.	2003 Medical Parkway Suite C	San Marcos	78666	(512) 396-7686
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Obstetrics/Gynecology

Caverly, Ola G. M.D.	2004 Medical Parkway Suite B	San Marcos	78666	(210) 353-7600
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TRICARE San Antonio Texas Directory**Surgery, General**

Carius, Alcides B. M.D.	1999 Medical Parkway	San Marcos	78666	(210) 396-4994
Duran, Robert M.D.	1305 Wonderworld Drive Suite 309	San Marcos	78666	(210) 390-7300

Surgery, Oral (Dentist Only)

White, R. Lynn D.D.S.	132 Jackson Lane	San Marcos	78666	(210) 396-4689
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Surgery, Orthopedic

Hassen, Newton M.D.	1305 Wonderworld Drive Suite 100	San Marcos	78666	(210) 353-8661
Nemeth, William C. M.D.	1305 Wonderworld Drive Suite 100	San Marcos	78666	(210) 353-8661
Norwood, Stephen M. M.D.	1305 Wonderworld Drive Suite 100	San Marcos	78666	(210) 353-8661
Pennington, Gerard M.D.	1305 Wonderworld Drive Suite 100	San Marcos	78666	(210) 353-8661

Facilities**General Medical and Surgical**

Central Texas Medical Center	1301 Wonderworld Drive	San Marcos	78666	(512) 353-8979
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WILSON COUNTY**Primary Care Managers****Family Practice**

Coates, Glenn C. M.D.	1303 Hospital Blvd	Floresville	78114	(210) 393-2527
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Patient load may influence an individual provider's ability to accept new patients. Please contact the provider's office to verify current status.

TRICARE San Antonio Extra Providers**FRIO COUNTY****Professionals****Family Practice**

Hood, Richard M.D.
Schmidt, Daniel D.O.

111 East Miller Street
421 South Oak Street

Dilley
Pearsall

78017 (210) 965-1684
78061 (210) 334-3351

Surgery, General

Escobar, Mauricio A. M.D.

105 East Hackberry Street

Pearsall

78061 (210) 334-4016

KERR COUNTY**Professionals****Internal Medicine**

Alshalchi, Najah M. M.D.

710 Water Street Suite 501

Kerrville

78028 (210) 520-8060

UVALDE COUNTY**Professionals****Ophthalmology**

Baribeau, Alan D. M.D.

927 East Main Street

Uvalde

78801 (210) 278-7163

Patient load may influence an individual provider's ability to accept new patients. Please contact the provider's office to verify current status.

BEXAR COUNTY**Mental Health Professionals****Clinical Psychiatric Nurse Specialist**

Burright, Mary Angela MSN R.N. CPNS	1777 Northeast Loop 410 Suite 203	San Antonio	78217	(210) 822-2400
Glenney, Mary James RNCS	5108 Broadway Street Suite 220	San Antonio	78209	(210) 822-6076

Marriage and Family Therapist

Adams, Patricia L.M.F.T.	7300 Blanco Road Suite 201	San Antonio	78216	(210) 344-0814
Armstrong, J. Lynne L.M.F.T.	6800 Park Ten Blvd Suite 124-N	San Antonio	78213	(210) 735-2740
Aronstein, Judy L.M.F.T.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Asterstrom, Laura L.M.F.T.	12042 Blanco Road Suite 308	San Antonio	78216	(210) 525-9945
Bain, Homer A. L.M.F.T.	8310 Ewing Halsell Drive	San Antonio	78229	(210) 616-0885
Bayne, Susan L.M.F.T.	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
Bradshaw, Buddy M. L.M.F.T.	2391 Northeast Loop 410 Suite 104	San Antonio	78217	(210) 599-4558
Brody, Marjorie E. L.M.F.T.	12315 Judson Road Suite 206	San Antonio	78233	(210) 590-0377
Buxbaum, Robert L.M.F.T.	9143 Welles Way	San Antonio	78240	(210) 691-2888
Cabral, Karen J. L.M.F.T.	5805 Callaghan Road Suite 100	San Antonio	78228	(210) 521-4833
Caldwell, Mary Miller L.M.F.T.	7744 Broadway Street Suite 103	San Antonio	78209	(210) 821-5905
Calhoun, Royce L.M.F.T.	8310 Ewing Halsell Drive	San Antonio	78229	(210) 616-0885
Callaway, Elizabeth S. L.M.F.T.	203 West Olmos Drive Suite 101	San Antonio	78212	(210) 822-5971
Campbell, Cassandra L.M.F.T.	323 Magnolia Avenue	San Antonio	78213	(210) 820-4033
Cano, Cynthia L.M.F.T.	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
Chase, Doris L.M.F.T.	5805 Callaghan Road Suite 100	San Antonio	78228	(210) 699-7220
Clear, Constance L.M.F.T.	3534 Avenue B	San Antonio	78209	(210) 822-4135
Cody, Betty Anne L.M.F.T.	6714 North New Braunfels Avenue	San Antonio	78209	(210) 820-3480
Conklin, Nancy Buchek L.M.F.T.	11120 Wurzbach Road Suite 305	San Antonio	78230	(210) 696-3000
Conner, Gerald W. L.M.F.T.	8400 Blanco Road Suite 100	San Antonio	78216	(210) 979-8400
Cunningham, Rebecca L.M.F.T.	11120 Wurzbach Road Suite 305	San Antonio	78230	(210) 696-3000
	8535 Wurzbach Road	San Antonio	78240	(210) 697-8191
Curd, Michael T. L.M.F.T.	7700 Floyd Curl Drive	San Antonio	78229	(210) 593-5080
Dial, Martha Sue M.A. L.M.F.T.	12042 Blanco Road Suite 308	San Antonio	78216	(210) 525-9945
Finerite, Robert Wayne L.M.F.T.	610 Vance Jackson Road	San Antonio	78201	(210) 734-6668
Fisher, Brent L.M.F.T.	3534 Avenue B	San Antonio	78209	(210) 822-4135
Fuller, Barbara S. L.M.F.T.	11103 West Avenue Suite 202	San Antonio	78213	(210) 308-8665
Fuller, James H. L.M.F.T.	11103 West Avenue Suite 202	San Antonio	78213	(210) 359-3530
Galvan, Diana R. M.A. L.M.F.T.	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
Gore, Glenn L.M.F.T.	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-3555
Headler, Greener Gail L.M.F.T.	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
	458 Pamela Drive	San Antonio	78223	(210) 699-0345
Hesa, Sherry M. M.A. L.M.F.T.	2950 Thousand Oaks Drive Suite 14	San Antonio	78247	(210) 699-0345
Hollis, Billie J. L.M.F.T.	6800 Park Ten Blvd Suite 210-N	San Antonio	78213	(210) 736-3339
	13618 Money Tree	San Antonio	78232	(210) 494-4172
	15064 San Pedro Avenue	San Antonio	78232	(210) 490-4684
Hullinger, Mary Sullivan M.A. L.M.F.T.	1800 Northeast Loop 410 Suite 216	San Antonio	78217	(210) 824-9882
Koehler, Kathleen L.M.F.T.	2391 Northeast Loop 410 Suite 309	San Antonio	78217	(210) 691-2888
Lau-Patterson, Maylin L.M.F.T.	3510 North St. Mary's Street Suite 310	San Antonio	78212	(210) 733-8857
Lilliker, Shelley Lerner L.M.F.T.	5430 Fredericksburg Road Suite 510	San Antonio	78229	(210) 349-6060
Lincoln, Patrick J. L.M.F.T.	6800 Park Ten Blvd Suite 208-N	San Antonio	78213	(512) 737-2039
Lyle, Randall R. L.M.F.T.	8310 Ewing Halsell Drive	San Antonio	78229	(210) 616-0885
McMahon, Sharon L.M.F.T.	4901 Broadway Street Suite 100	San Antonio	78209	(210) 822-5795
Miller, Dottie J. L.M.F.T.	7711 Louis Pasteur Drive Suite 300	San Antonio	78229	(210) 614-1100
Nacowski, Jacqueline D. L.M.F.T.	7711 Louis Pasteur Drive Suite 607	San Antonio	78229	(210) 614-9797
Norris, Gaylin Lea L.M.F.T.	7744 Broadway Street Suite 103	San Antonio	78209	(210) 821-5905
Osborn, Dolores Gohsen L.M.F.T.	1800 Northeast Loop 410 Suite 216	San Antonio	78217	(210) 824-9882
O'Neill, Evangeline L.M.F.T.	303 West Sunset Road Suite 102	San Antonio	78209	(210) 828-0950
Ricketts, Myron L.M.F.T.	7700 Floyd Curl Drive	San Antonio	78229	(210) 593-6556
Robichaux, Claudia L.M.F.T.	718 Hinkley Drive	San Antonio	78209	(210) 824-0688
Sanders, Mina L. L.M.F.T.	8610 North New Braunfels Avenue Suite 304	San Antonio	78217	(210) 824-2144
Shantz, Kathryn A. L.M.F.T.	1802 Northeast Loop 410 Suite 102	San Antonio	78217	(210) 828-6486
Sims, Leon L.M.F.T.	7711 Floyd Curl Drive	San Antonio	78229	(210) 593-6556
Slayton, Kent S. L.M.F.T.	458 Pamela Drive	San Antonio	78223	(210) 699-0345
	8624 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
	2950 Thousand Oaks Drive Suite 14	San Antonio	78247	(210) 699-0345
Tatum, Charles H. L.M.F.T.	1804 Northeast Loop 410 Suite 100	San Antonio	78217	(210) 805-8484
	11750 Parrigon Road	Helotes	78023	(210) 695-2676
	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Taylor, Gail S. L.M.F.T.	8310 Ewing Halsell Drive	San Antonio	78229	(210) 616-0885
Thronson, Robert L.M.F.T.	6800 Park Ten Blvd Suite 208-N	San Antonio	78213	(210) 731-9200
Tucker, Lucille F. M.A. L.M.F.T.	1840 Lockhill Selma Road Suite 104	San Antonio	78213	(512) 341-3883

TRICARE San Antonio, Texas Mental Health

Twist, Michele L.M.F.T.	5430 Fredericksburg Road Suite 510	San Antonio	78229	(210) 349-6060
Walency, Gerard L.M.F.T.	6800 Park Ten Blvd Suite 124-N	San Antonio	78213	(210) 735-2740
Wortine, Marjorie M. L.M.F.T.	9848 Lorene Lane	San Antonio	78216	(210) 344-4109
Mental Health Counselor				
Box, Maria G. L.P.C.	999 East Basse Road Suite 180	San Antonio	78209	(210) 696-3000
Bradshaw, Buddy L.P.C.	2391 Northeast Loop 410 Suite 104	San Antonio	78217	(210) 599-4558
Centeno, Ernest Jesus M.S. L.P.C.	929 Manor Drive Suite 10	San Antonio	78228	(210) 737-1664
Costes, Joann M. L.P.C.	1635 Northeast Loop 410 Suite 507	San Antonio	78209	(210) 822-2622
Coleman, Katherine E. M.S. L.P.C.	6800 Park Ten Blvd Suite 208-N	San Antonio	78213	(210) 737-2039
Cordero, Manuel Robert L.P.C.	9550 Maidenstone Drive	San Antonio	78250	(210) 680-4849
Cotton, Patricia A. L.P.C.	3510 North St. Mary's Street Suite 310	San Antonio	78212	(210) 734-7793
Deterolf, Patricia L.P.C.	12315 Judson Road Suite 206	San Antonio	78233	(210) 349-5481
Ellis, Joan M. L.P.C.	401 Isom Road Suite 220	San Antonio	78216	(210) 525-1979
Eurton, Lynnanne L.P.C.	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-3555
Falbo, Jim L.P.C.	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
Furlin, James R. L.P.C.	7300 Blanco Road Suite 201	San Antonio	78216	(210) 344-0814
	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Harris, Mary Ann D. L.P.C.	14855 Blanco Road Suite 220	San Antonio	78216	(210) 493-5230
Hartman, Susan L.P.C.	14855 Blanco Road Suite 220	San Antonio	78216	(210) 493-5230
Henke, Sandra L.P.C.	4040 Broadway Street Suite 600	San Antonio	78209	(210) 822-3418
Hersh, Carolyn Reed L.P.C.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Hoyl, Joanne M.A. L.P.C.	8245 Fredericksburg Road	San Antonio	78229	(210) 699-0022
Jacobson, Barbara L.P.C.	7300 Blanco Road Suite 103	San Antonio	78216	(210) 344-3131
Jenkins, Ann M. L.P.C.	401 Isom Road Suite 220	San Antonio	78216	(210) 349-3818
Jewell, Jeanie F. L.P.C.	2829 Babcock Road Suite 640	San Antonio	78229	(210) 614-9595
Kregor, Ellen B. M.A. L.P.C. L.M.F.T.	4901 Broadway Street Suite 100	San Antonio	78209	(210) 822-5795
Lake-Quade, Lie M.A. L.P.C.	359 East Hildebrand Avenue	San Antonio	78212	(210) 828-3624
Lathan, Sherry Burke L.P.C.	2600 McCullough Avenue	San Antonio	78212	(210) 733-9091
Loew, Marcia L.P.C.	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
Long, Melissa C. L.P.C.	458 Pamela Drive	San Antonio	78223	(210) 699-0345
	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
	2950 Thousand Oaks Drive Suite 14	San Antonio	78247	(210) 699-0345
Lundy, Julius P. PhD L.P.C.	9681 West Loop 1604 North	San Antonio	78250	(210) 688-9434
Manuppelli, Laura L.P.C.	301 South Frio Street Suite 420	San Antonio	78207	(210) 270-4585
	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-9400
Nicoloff, Robbin L.P.C.	4203 Gardendale Street Suite 222	San Antonio	78229	(210) 212-6900
Pergrem, Kay L.P.C.	2939 West Woodlawn Avenue	San Antonio	78228	(210) 736-4273
	8535 Tom Slick	San Antonio	78229	(210) 616-0300
Rosokoff, Ken L.P.C.	830 Northeast Loop 410 Suite 412	San Antonio	78209	(210) 545-4357
Schlattman, Leann L.P.C.	7711 Louis Pasteur Drive Suite 814	San Antonio	78229	(210) 692-3711
Schoenbaum, Sheri L. L.P.C.	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-3555
Schreiber, Mary Jane L.P.C.	6800 Park Ten Blvd Suite 208-N	San Antonio	78213	(210) 737-2039
Serrano, Miguel, G. M.A. L.P.C.	301 South Frio Street Suite 123	San Antonio	78207	(210) 270-4545
Sheriff, Sharon E. M.A. L.P.C.	2800 Nacogdoches Road	San Antonio	78217	(210) 822-9353
Smithson, Billie Lynn M.A. L.P.C.	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
Smyer, Vicki L.P.C.	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
Thomson, Robert P. L.P.C.	6800 Park Ten Blvd Suite 208-N	San Antonio	78213	(210) 731-9200
Torres, Mary L.P.C.	6800 Park Ten Blvd Suite 208-N	San Antonio	78213	(210) 737-2039
	4242 Medical Drive Bldg 6	San Antonio	78229	(210) 614-8400
	6487 Whitty Road Suite 10	San Antonio	78240	(210) 699-3311
Wesner, Margaret E. L.P.C.	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
White, Kathleen M. L.P.C.	902 Pat Booker Road	Universal City	78148	(210) 658-7337
Wickwar, Donna L.P.C.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Nurses (R.N.)				
Valani, Vikki Lee C.P.N.	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Psychiatry				
Baillargeon, Jacques G. M.D.	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
Brenz, Ronald Wesley D.O.	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Cepeda, Claudio M.D.	8535 Tom Slick	San Antonio	78229	(210) 616-0300
Croft, Harry A. M.D.	5430 Fredericksburg Road Suite 510	San Antonio	78229	(210) 349-6060
	8038 Wurzbach Road Suite 570	San Antonio	78229	(210) 692-1222
Demuki, Robert M.D.	301 South Frio Street	San Antonio	78207	(210) 491-9400
	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-9400
Dominguez, Emilio J. M.D.	15600 San Pedro Avenue Suite 204	San Antonio	78232	(210) 490-0996
Donovan, William B. M.D.	4647 Medical Drive	San Antonio	78229	(210) 615-1300
Fernandez, Benigno J. M.D.	1777 Northeast Loop 410 Suite 203	San Antonio	78217	(210) 822-2400
Fox, Patricia Anne M.D.	2939 West Woodlawn Avenue	San Antonio	78228	(210) 736-4273
	8535 Tom Slick	San Antonio	78229	(210) 616-0300
Christ, Douglas M.D.	84 Northwest Loop 410 Suite 280-W	San Antonio	78216	(210) 525-0199
Gonzalez, Edulfo M.D.	343 West Houston Street Suite 601	San Antonio	78305	(210) 229-1900
Hawkins, Linda L. M.D.	15600 San Pedro Avenue Suite 204	San Antonio	78232	(210) 490-0995
Hirsch, Martin M.D.	11230 West Avenue Suite 2104	San Antonio	78213	(210) 308-0555
	11107 Wurzbach Road Suite 701	San Antonio	78230	(210) 691-2966

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Houston, John P. M.D.	17720 Laurel Ridge Hospital	San Antonio	78270	(210) 491-9400
Howe, Don D. M.D.	7703 Floyd Curl Drive	San Antonio	78284	(210) 567-5432
Kalter, Robert L. M.D.	11107 Wurzbach Road Suite 604	San Antonio	78230	(210) 735-9341
Lee, James A. M.D.	12042 Blanco Road Suite 308	San Antonio	78216	(210) 525-9945
Lopez, Lydia R. M.D.	11120 Wurzbach Road Suite 305	San Antonio	78230	(210) 696-3000
Macedo, Carlos A. M.D.	5945 Broadway Street	San Antonio	78209	(210) 829-7471
	2939 West Woodlawn Avenue	San Antonio	78228	(210) 736-4273
	8535 Tom Slick	San Antonio	78229	(210) 616-0300
Martin III, Thomas A. M.D.	14855 Blanco Road Suite 220	San Antonio	78216	(210) 493-5230
Mitchell, Elizabeth L. M.D.	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-9400
Montoya, Gregory M.D.	6100 Bandera Road Suite 414	San Antonio	78238	(210) 647-7704
Moorad, Phillip J. M.D.	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Morgan, Douglas P. M.D.	1635 Northeast Loop 410 Suite 509	San Antonio	78209	(210) 828-8173
Morrad Jr., Philip Jacob M.D.	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Nathan, Habib M.D.	2829 Babcock Road Suite 640	San Antonio	78229	(210) 614-9595
Nau Jr., Cornelius H. M.D.	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Neiler, Gary K. M.D.	203 Zornia Drive Suite 9	San Antonio	78213	(210) 342-0300
	1931 Northwest Military Highway Suite 200	San Antonio	78213	(210) 377-0807
	14607 San Pedro Avenue Suite 205	San Antonio	78216	(210) 493-5230
Pankowsky, Helen O. M.D.	3330 Oakwell Court Suite 223	San Antonio	78218	(210) 829-8200
Renthal, Ann L. M.D.	8535 Tom Slick	San Antonio	78229	(210) 616-0300
Rogeness, Graham Arthur M.D.	7711 Louis Pasteur Drive Suite 812	San Antonio	78229	(210) 616-0999
Rosenbalt, Saul H. M.D.	2800 Nacogdoches Road	San Antonio	78217	(210) 822-9353
Smith, Eileen A. M.D.	14855 Blanco Road Suite 220	San Antonio	78216	(210) 493-5230
Starck, Luz M.D.	2600 McCullough Avenue	San Antonio	78212	(210) 733-9091
Suescum, Alfredo T. M.D.	10010 San Pedro Avenue Suite 541	San Antonio	78216	(210) 341-5147
Surya, Gundhapi M.D.	7940 Floyd Curl Drive Suite 770	San Antonio	78229	(210) 692-7775
Ticknor, Christopher M.D.	85 Northeast Loop 410 Suite 400	San Antonio	78216	(210) 525-0199
Tunnell, Ira M.D.	14855 Blanco Road Suite 220	San Antonio	78216	(210) 493-5230
Vass, Mary Theresa M.D.	4499 Medical Drive Suite 265	San Antonio	78229	(210) 615-1750
Weiss, Victor John M.D.				
Psychologist (Billing Independently)				
Amdeuri, Ardow M.D.	4450 Medical Drive	San Antonio	78229	(210) 616-5500
Austin, Lola Mae PhD	622 Isom Road Suite 102	San Antonio	78216	(210) 341-7417
Berkowitz, Karen S. PhD	2040 Babcock Road Suite 300	San Antonio	78229	(210) 692-0885
Berler, Michael H. PhD	2600 McCullough Avenue	San Antonio	78212	(210) 733-9091
Boskind, Paul Alan PhD	7272 Wurzbach Road Suite 601	San Antonio	78240	(210) 615-8880
Braun, Sharon PhD	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
Celmer, Virginia PhD	1603 Babcock Road Suite 270	San Antonio	78229	(210) 340-3881
Chappel, Richard T. PhD	1800 Northeast Loop 410 Suite 209	San Antonio	78217	(210) 822-1801
Chatillon, Alice Cave PhD	4901 Broadway Street Suite 100	San Antonio	78209	(210) 822-5795
Comeau, Helen M. PhD	203 Zornia Drive	San Antonio	78232	(210) 342-0300
	14607 San Pedro Avenue Suite 205	San Antonio	78213	(210) 978-9491
Connolly, Sean G. PhD	6800 Park Ten Blvd Suite 308-N	San Antonio	78213	(210) 737-2039
Connolly, Patrick PhD	6800 Park Ten Blvd Suite 308-N	San Antonio	78212	(210) 824-3391
Craig, Judith E. PhD	359 East Hildebrand Avenue	San Antonio	78216	(210) 492-7855
Davis, Beverly M. PhD	13300 Old Blanco Road Suite 325	San Antonio	78216	(512) 525-1160
	7300 Blanco Road Suite 604	San Antonio	78240	(210) 615-8880
Down, Melinda M. PhD	7272 Wurzbach Road Suite 601	San Antonio	78232	(210) 494-8822
Emmett, Frank E. PhD	14607 San Pedro Avenue Suite 205	San Antonio	78209	(210) 821-5905
Erwin, William M. PhD	7744 Broadway Street Suite 103	San Antonio	78216	(210) 493-5230
Estrada, Elette Knox PhD	14855 Blanco Road	San Antonio	78240	(210) 694-5590
	8807 Wurzbach Road Suite V-201	San Antonio	78229	(210) 614-7070
Gaines Jr., Thomas PhD	2135 Babcock Road	San Antonio	78209	(210) 829-7471
Gerwell, Edwin L. PhD	5945 Broadway Street	San Antonio	78209	(210) 829-7471
Gerwell, Kristine PhD	5945 Broadway Street	San Antonio	78209	(210) 829-7471
Gill, Wayne S. PhD	5805 Callaghan Road Suite 116	San Antonio	78228	(210) 521-1114
Hardin, Tammy Hunt PhD	4040 Broadway Street Suite 600	San Antonio	78209	(210) 826-8450
Heather-Greener, Gail PhD	8602 Sagebrush Lane	San Antonio	78217	(210) 828-0035
Henke, Raymond PhD	4040 Broadway Street Suite 600	San Antonio	78209	(210) 826-8450
Hernandez, Nancy A. PhD	1777 Northeast Loop 410 Suite 203	San Antonio	78217	(210) 822-2400
Hull, Susan H. PhD	16607 Blanco Road Suite 301	San Antonio	78232	(210) 492-1713
Jacobs, Claire Ellen PhD	4410 Medical Drive Suite 640	San Antonio	78229	(210) 692-1155
James, Oliver Desrie EDD	1250 Northeast Loop 410 Suite 231	San Antonio	78209	(210) 828-4457
Johnson, Johnny Clay PhD	359 East Hildebrand Avenue	San Antonio	78212	(210) 824-3391
Johnson, William H. PhD	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
Kobos, Joseph C. PhD	7703 Floyd Curl Drive	San Antonio	78284	(210) 567-5440
Larsen, Todd Scott PhD	6100 Bandera Road Suite 414	San Antonio	78238	(210) 522-1187
Leary, Cathy PhD	7744 Broadway Street Suite 103	San Antonio	78209	(210) 821-5905
Lindberg, Robert E. PhD	11107 Wurzbach Road Suite 402	San Antonio	78230	(210) 697-8060
Lopez, Salvador PhD	6100 Bandera Road Suite 414	San Antonio	78238	(210) 647-7804
Matherne-Corrigan, Lynn Mary PhD	359 East Hildebrand Avenue	San Antonio	78212	(210) 828-3624
McCann, Donald C. PhD	3330 Oakwell Court Suite 225	San Antonio	78218	(210) 829-1994
Migliore, Elanor Terhune PhD	13300 Old Blanco Road Suite 325	San Antonio	78216	(210) 492-2316
Milam, Daneen A. PhD	2515 McCullough Avenue Suite 101	San Antonio	78212	(210) 736-1762

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Moran, Michelle P. PhD	5945 Broadway Street	San Antonio	78209	(210) 829-7471
Mylar, J. Lewis PhD	2800 Nacogdoches Road	San Antonio	78217	(210) 822-9353
Olrent, Kenneth I. PhD	15600 San Pedro Avenue Suite 204	San Antonio	78232	(210) 490-7912
Pedrony, Mark PhD	1777 Northeast Loop 410 Suite 203	San Antonio	78217	(210) 822-2400
	4410 Medical Drive Suite 640	San Antonio	78229	(210) 692-1118
Perotti, Lawrence PhD	401 West Commerce Street Suite 290	San Antonio	78207	(210) 212-5050
Probbler, Shelley R. PhD	4901 Broadway Street Suite 100	San Antonio	78209	(210) 822-5795
Reichert, Madeleine DMH PhD	3330 Oakwell Court Suite 225	San Antonio	78218	(210) 829-1994
Revel, Keith PhD	7300 Blanco Road Suite 604	San Antonio	78216	(210) 525-1160
Samano, Italo A. PhD	14607 San Pedro Avenue Suite 205	San Antonio	78232	(210) 494-8822
Schroeder, Betty L. PhD	5721 Broadway Street	San Antonio	78209	(210) 828-1573
Scott, Richard G. PhD	7744 Broadway Street Suite 103	San Antonio	78209	(210) 821-5905
Scott, Shannon E. PhD	2600 McCullough Avenue	San Antonio	78212	(210) 733-9091
Segal, Carolyn PhD	6100 Bandera Road Suite 414	San Antonio	78238	(210) 647-7707
Segal, Jan David PhD	6100 Bandera Road Suite 414	San Antonio	78238	(210) 647-7707
Skellon Jr., John G. PhD	7711 Louis Pasteur Drive Suite 607	San Antonio	78229	(210) 615-1084
Smith, Laurence C. PhD	359 East Hildebrand Avenue	San Antonio	78212	(210) 824-3391
Thorn, Laurence PhD	1607 Wurzbach Road	San Antonio	78240	(210) 690-8014
Trevino, Dora T. PhD	6100 Bandera Road Suite 414	San Antonio	78238	(210) 647-7712
Velligan, Dawn I. PhD	4410 Medical Drive Suite 640	San Antonio	78229	(210) 692-1116
Willia, Max PhD	7744 Broadway Street Suite 103	San Antonio	78209	(210) 821-5905
Wimlow, Chester Douglas PhD	3330 Oakwell Court Suite 225	San Antonio	78218	(210) 829-1994
Yates, William S. PhD	8301 Broadway Street Suite 412	San Antonio	78209	(210) 826-9599
Yurchesben, Richard P. PhD	610 Vance Jackson Road	San Antonio	78201	(210) 734-6668
Zachary, Robert A. PhD	3330 Oakwell Court Suite 225	San Antonio	78218	(210) 829-1994
Social Worker				
Ahr Jr., Robert John L.M.S.W.	5430 Fredericksburg Road Suite 510	San Antonio	78229	(210) 349-6060
	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-3555
Albert, Carol D. L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Alderette, Edward L.M.S.W.	5430 Fredericksburg Road Suite 510	San Antonio	78229	(210) 349-6060
Armstrong, Byron L. L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Barker, Martha L.M.S.W.	8607 Wurzbach Road Suite 201-C	San Antonio	78240	(210) 699-0290
Barran, Joseph E. L.M.S.W.	5430 Fredericksburg Road Suite 510	San Antonio	78229	(210) 349-6060
Barton, Larry A. L.M.S.W.	2391 Northeast Loop 410 Suite 309	San Antonio	78217	(210) 656-3400
Baxter, Roy L.M.S.W.	2391 Northeast Loop 410 Suite 309	San Antonio	78217	(210) 656-3400
Boone, Patricia L. L.M.S.W.	458 Pamela Drive	San Antonio	78223	(210) 699-0345
	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
	2950 Thousand Oaks Drive Suite 14	San Antonio	78247	(210) 699-0345
Brown, Patricia A. L.M.S.W.	3330 Oakwell Court Suite 225	San Antonio	78218	(210) 829-1994
Carnovale, Joyce S. L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Chase, Claudia L.M.S.W.	2391 Northeast Loop 410 Suite 309	San Antonio	78217	(210) 656-3400
Churchill, John E. L.M.S.W.	11122 Wurzbach Road Suite 201	San Antonio	78230	(210) 694-0229
Couve, Robert E. L.M.S.W.	9143 Welles Way	San Antonio	78240	(210) 691-2888
Crowley, Daniel D. L.M.S.W.	205 West Olmos Drive	San Antonio	78212	(210) 824-7462
Dauer, John L.M.S.W.	5805 Callaghan Road Suite 100	San Antonio	78228	(210) 521-4833
Denton, Steven L.M.S.W.	9143 Welles Way	San Antonio	78240	(210) 691-2888
Dryer, Arlene G. L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Dupriest, Mariela L.M.S.W.	6800 Park Ten Blvd Suite 208-N	San Antonio	78213	(210) 737-2039
Eaves, Sandra A. L.M.S.W.	5430 Fredericksburg Road Suite 510	San Antonio	78229	(210) 349-6060
Ellenhogen, Leslie A. L.M.S.W.	1635 Northeast Loop 410 Suite 901	San Antonio	78209	(210) 828-7202
Evans, Brent L.M.S.W.	7434 Louis Pasteur Drive Suite 109	San Antonio	78229	(210) 615-8168
Franklin, Nancy B. L.M.S.W.	12315 Judson Road Suite 206	San Antonio	78233	(210) 590-0377
Frazier, Virginia H. L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
	2950 Thousand Oaks Drive	San Antonio	78247	(210) 490-8733
Grant, Janet L.M.S.W.	8245 Fredericksburg Road	San Antonio	78229	(210) 616-0022
Grant, Thomas M. L.M.S.W.	15611 Doe Haven	San Antonio	78248	(210) 493-9967
Green, Sharon R. L.M.S.W.	1931 Northwest Military Highway	San Antonio	78213	(210) 349-5481
Guesz, Karen L.M.S.W.	1777 Northeast Loop 410 Suite 203	San Antonio	78217	(210) 822-2400
Hallford, Faye L.M.S.W.	1800 Northeast Loop 410 Suite 402	San Antonio	78217	(210) 820-0234
Hanan, Sharon L.M.S.W.	6300 Northwest Loop 410 Suite 215	San Antonio	78238	(713) 660-9390
Heard, Mary Ray L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Heyer, Janice G. L.M.S.W.	9143 Welles Way	San Antonio	78240	(210) 691-2888
Higgins, Marion L.M.S.W.	5805 Callaghan Road Suite 100	San Antonio	78228	(210) 521-4833
Hill, Sally PhD L.M.S.W.	3330 Oakwell Court Suite 225	San Antonio	78218	(210) 829-1994
Hovde, Anna L.M.S.W.	121 West Woodlawn Avenue	San Antonio	78212	(210) 613-3150
Howe, Joan Knapp L.M.S.W.	12315 Judson Road Suite 206	San Antonio	78233	(210) 590-0377
Howitt, Caroline F. L.M.S.W.	3330 Oakwell Court Suite 225	San Antonio	78218	(210) 829-1994
Huck, Margaret C. L.M.S.W.	915 Zachry Drive	San Antonio	78228	(210) 366-6516
	7272 Wurzbach Road Building 6	San Antonio	78240	(210) 615-8880
Johnson, JoGrace Laird L.M.S.W.	7744 Broadway Street Suite 103	San Antonio	78209	(210) 821-5905
Kaja, Leonard L.M.S.W.	359 East Hildebrand Avenue	San Antonio	78212	(210) 826-0658
Karraker, Ida L.M.S.W.	7314 West Military Drive	San Antonio	78227	(210) 675-2225
Kimball, Diane M. L.M.S.W.	2950 Thousand Oaks Drive Suite 14	San Antonio	78247	(210) 490-8733
	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345

TRICARE San Antonio, Texas Mental Health

Kisel, John L.M.S.W.	2391 Northeast Loop 410 Suite 309	San Antonio	78217	(210) 656-3400
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	5405 Hurley Drive	San Antonio	78238	(210) 351-9428
Lepere, Dorothy W. L.M.S.W.	1635 Northeast Loop 410 Suite 501	San Antonio	78209	(210) 821-5980
Levine, Harriet E. L.M.S.W.	1856 Lockhill Selma Road Suite 104	San Antonio	78213	(210) 349-0703
Malmis, Michael G. L.M.S.W.	12315 Judson Road Suite 206	San Antonio	78233	(210) 590-0377
Miller, Dottie J. L.M.S.W.	7711 Louis Pasteur Drive Suite 300	San Antonio	78229	(210) 614-1100
Mockridge, Linda M. L.M.S.W.	11107 Wurzbach Road Suite 304	San Antonio	78230	(210) 558-8003
Moore-Pope, Sandra Lynn L.M.S.W.	5430 Fredericksburg Road Suite 110	San Antonio	78229	(210) 340-2055
Parrish, Joanne L.M.S.W.	4410 Medical Drive Suite 400	San Antonio	78229	(210) 218-3738
Perdue, James H. L.M.S.W.	6800 Park Ten Blvd Suite 214-N	San Antonio	78213	(210) 738-3900
Poenisch, Theresa L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Price, Cindy Marriott L.M.S.W.	5635 Northwest Loop 410 Suite 605	San Antonio	78238	(210) 824-4406
Rantz, Sherry L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Repos, Richard L.M.S.W.	14800 North US Highway 281 Suite 110	San Antonio	78232	(210) 490-9850
Ross, Charlotte A. L.M.S.W.	8620 North New Braunfels Avenue Suite 523	San Antonio	78217	(210) 930-3322
	4538 Centerview	San Antonio	78228	(210) 735-2203
Schraub, Charles W. L.M.S.W.	2800 Nacogdoches Road	San Antonio	78217	(210) 822-9353
	1 Camino Santa Maria Street	San Antonio	78228	(210) 822-9353
Simmons, Mark A. L.M.S.W.	1635 Northeast Loop 410 Suite 501	San Antonio	78209	(210) 821-5980
	7711 Louis Pasteur Drive Suite 814	San Antonio	78229	(210) 616-0999
Specia, Bettise E. L.M.S.W.	1635 Northeast Loop 410 Suite 501	San Antonio	78209	(210) 821-5980
Stauber, Rosemary J. L.M.S.W.	359 East Hildebrand Avenue	San Antonio	78212	(210) 828-3624
Stoege, Mark W. L.M.S.W.	5430 Fredericksburg Road Suite 618	San Antonio	78229	(210) 524-9402
Stoler, Linda L.M.S.W.	1931 Northwest Military Highway Suite 202	San Antonio	78213	(210) 349-5481
Switzer, Leslie L.M.S.W.	2391 Northeast Loop 410 Suite 309	San Antonio	78217	(210) 656-3400
Thronson, Robert P. L.M.S.W.	6800 Park Ten Blvd	San Antonio	78213	(210) 731-9200
Valtierra, Beverly J. L.M.S.W.	401 Isom Road Suite 220	San Antonio	78216	(210) 344-9255
Van, Jerralyn L.M.S.W.	458 Pamela Drive	San Antonio	78223	(210) 699-0345
	8627 Cinnamon Creek Drive Suite 401	San Antonio	78240	(210) 699-0345
	2950 Thousand Oaks Drive Suite 14	San Antonio	78247	(210) 490-8733
Walthall, Lynn L.M.S.W.	1250 Northeast Loop 410	San Antonio	78209	(210) 354-6675
	5405 Hurley Drive	San Antonio	78238	(210) 354-6675
Warren, Leslie L.M.S.W.	8301 Broadway Street Suite 412	San Antonio	78209	(210) 656-3400
Weiser, Alan J. L.M.S.W.	1802 Northeast Loop 410 Suite 102	San Antonio	78217	(210) 828-6486
Wiese, Mary V. L.M.S.W.	2391 Northeast Loop 410 Suite 309	San Antonio	78217	(210) 656-3400
Williams, Nora L.M.S.W.	1635 Northeast Loop 410 Suite 901	San Antonio	78209	(210) 822-2478

Mental Health Facilities**Institution For Mental Retardation**

Children's Association For Maximum Potential	1741 Luke Blvd	San Antonio	78236	(210) 671-2598
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Psychiatric Hospital

Charter Real Behavioral Health System	8550 Huebner Road	San Antonio	78240	(210) 699-8585
Laurel Ridge Hospital	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-9400
Mission Vista Hospital	14747 Jones Maltsberger Road	San Antonio	78247	(210) 490-0000
Southwest Mental Health Center	8535 Tom Slick	San Antonio	78229	(210) 736-4273
University Hospital Of Texas Health	4502 Medical Drive	San Antonio	78229	(210) 616-4000
Villa Rosa Hospital	5115 Medical Drive	San Antonio	78229	(210) 692-2656

Residential Treatment Center

CRC San Antonio	17720 Corporate Woods Drive	San Antonio	78259	(210) 494-1060
Laurel Ridge - RTC	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-9400
Southwest Mental Health RTC	8535 Tom Slick	San Antonio	78229	(210) 736-4273

TRICARE San Antonio, Texas Mental Health**COMAL COUNTY****Mental Health Professionals**

Clinical Psychiatric Nurse Specialist				
Morrison, Carolyn C. R.N.C.S.	876 Loop 337 Suite 401	New Braunfels	78130	(210) 629-7303

Marriage and Family Therapist

Gorec, Glenn L.M.F.T.	8600 Wurzbach Suite 700	New Braunfels	78130	(210) 629-7252
	876 Loop 337 Suite 401	New Braunfels	78130	(210) 491-3555
Morrison, Carolyn L.M.F.T.	876 Loop 337 Building D Suite 401	New Braunfels	78130	(210) 629-7303

Mental Health Counselor

Brown Jr., David E. L.P.C.	876 Loop 337 Suite 401	New Braunfels	78130	(210) 629-7303
Eurton, Lynne L.P.C.	876 Loop 337 Suite 401	New Braunfels	78130	(210) 629-7303
Jewell, Jeanie F. L.P.C.	Center Bridge Street	New Braunfels	78132	(210) 625-1519
Manupelli, Laura L.P.C.	876 Loop 337 Building D Suite 401	New Braunfels	78130	(210) 629-7303

Psychiatry

Carter-Torres, Richard E. M.D.	876 Loop 337 Suite 401	New Braunfels	78130	(210) 629-7303
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Psychologist (Billing Independently)

Sanders, Randolph K. PhD	876 Loop 337 Bldg 401	New Braunfels	78130	(210) 629-7303
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Social Worker

Ahr, Robert J. L.M.S.W.	876 Loop 337 Suite 401	New Braunfels	78130	(210) 629-7303
Erdman, Dale L.M.S.W.	876 Loop 337 Suite 401	Canyon Lake	78130	(210) 629-7303
Kurbach, Ann B. L.M.S.W.	876 Loop 337 Suite 401	New Braunfels	78130	(210) 629-7303

FRIO COUNTY**Mental Health Professionals****Social Worker**

Hallford, Faye L.M.S.W.	120 South Oak Street	Pearsall	78061	(800) 239-0234
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GILLESPIE COUNTY**Mental Health Professionals****Social Worker**

Hayden, Barbara K. L.M.S.W.-A.C.P.	200 West Windcrest Street Suite 200	Fredericksburg	78624	(210) 997-2103
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GUADALUPE COUNTY**Mental Health Professionals****Psychiatry**

Montoya, Gregory M.D.	1025 North Austin Street	Seguin	78155	(210) 379-3362
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HAYS COUNTY**Mental Health Professionals****Marriage and Family Therapist**

Hurlan, Stanley L.M.F.T.	101 Uhland Road Suite 202	San Marcos	78666	(512) 396-8540
Hernon, Robert L.M.F.T.	101 Uhland Road Suite 202	San Marcos	78666	(512) 396-8540
McNair, Thomas W. L.M.F.T.	1205 Highway 123 Suite 204	San Marcos	78666	(210) 754-6010

Facilities**Residential Treatment Center**

San Marcos Treatment Center RTC	Bert Brown Road	San Marcos	78667	(800) 251-0059
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KERR COUNTY**Mental Health Professionals****Marriage and Family Therapist**

McLain, Maria V. L.M.F.T.	838 Sidney Baker Street Suite E	Kerrville	78028	(210) 895-2112
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Mental Health Counselor

Richardson, Fred L.P.C.	712 Barnett Street	Kerrville	78028	(210) 792-3900
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Social Worker

Javens, Edith M. L.M.S.W.	1 Schreiner Center Suite 326	Kerrville	78028	(210) 896-0222
	20 Westwood Lane	Kerrville	78028	(210) 896-0222

Mental Health Facilities**Alcoholism and Other Chemical Dependencies**

La Hacienda Treatment Center	FM 1340	Hunt	78024	(210) 296-1600
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UVALDE COUNTY**Mental Health Professionals****Psychiatry**

Montoya, Gregory M.D.	121 South Getty Street	Uvalde	78801	(210) 278-6542
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Psychologist (Billing Independently)

Segal, Jan David PhD	121 South Getty Street	Uvalde	78801	(210) 278-6542
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TRICARE San Antonio Texas Pharmacy Listing**ATASCOSA COUNTY**

Center Pharmacy 105 North Smith Street
 H E B Pharmacy 124 219 West Oaklawn Road
 Rexco Pharmacy 120 North Smith Street
 Walmart Pharmacy 100757 1715 West Oaklawn Road

Pleasanton 78064 (210) 569-2512
 Pleasanton 78064 (210) 281-8190
 Pleasanton 78064 (210) 569-4060
 Pleasanton 78064 (210) 569-5565

BEXAR COUNTY

Albertsons Food & Drug 4010 9160 Guilbeau Road
 Albertsons Food & Drug 4011 16648 San Pedro Avenue
 Albertsons Food & Drug 4012 11743 West Avenue
 Albertsons Food & Drug 4013 8300 Pat Booker Road
 Albertsons Food & Drug 4014 10103 Wurzbach Road
 Albertsons Food & Drug 4015 5707 Bandera Road
 Albertsons Food & Drug 4016 5538 Walzem Road
 Albertsons Food & Drug 4025 12018 Perrin Beitel Road
 Albertsons Food & Drug 4026 6415 Babcock Road
 Albertsons Food & Drug 4027 999 East Basse Road Suite 150
 Albertsons Food & Drug 4028 6708 South Flores Street
 Albertsons Food & Drug 4033 3333 Fredericksburg Road
 Drug Emporium 1 6804 Huebner Road
 Drug Emporium 4 2221 Northwest Military Highway Suite 127
 Drug Emporium 5 1530 Austin Highway Suite 101
 Eckerd Drugs 2058 8407 Bandera Road Suite 153
 Eckerd Drugs 2274 4400 Fredericksburg Road
 Eckerd Drugs 2275 700 McClellan Mall
 Eckerd Drugs 2276 1826 Southwest White Road
 Eckerd Drugs 2277 6900 San Pedro Avenue Suite 117
 Eckerd Drugs 2278 3121 Nacogdoches Road
 Eckerd Drugs 2279 3711 Colony Drive Suite 2
 Eckerd Drugs 2282 2141 East Houston Street
 Eckerd Drugs 2284 5405 Walzem Road
 Eckerd Drugs 2286 2315 Lockhill Selma Road
 Eckerd Drugs 2287 912 Bandera Road
 Eckerd Drugs 2288 1401 Southwest Loop 410
 Eckerd Drugs 2289 6470 North New Braunfels Avenue
 Eckerd Drugs 2290 6105 Pecan Valley Drive
 Eckerd Drugs 2291 5351 Glen Ridge Drive
 Eckerd Drugs 2292 3019 West Avenue
 Eckerd Drugs 2294 2323 Southwest Military Drive
 Eckerd Drugs 2295 8751 West FM 471
 Eckerd Drugs 2349 181 Southwest Military Drive
 Eckerd Drugs 2350 14032 Nacogdoches Road
 Eckerd Drugs 2363 100 South Zarzamora Street Suite 300
 Eckerd Drugs 2612 2848 Thousand Oaks Drive
 Eckerd Drugs 2677 5827 Babcock Road
 Eckerd Drugs 2944 2402 San Pedro Avenue
 Eckerd Drugs 3066 3026 Nogalitos
 Eckerd Drugs 3068 211 Losoya Street
 Eckerd Drugs 3234 9832 Wurzbach Road
 Eckerd Drugs 3235 343 West Houston Street
 H E B Pharmacy 10189 2130 Culebra Road
 H E B Pharmacy 11379 400 Valley Hi Drive
 H E B Pharmacy 12397 18140 San Pedro Avenue
 H E B Pharmacy 13161 3524 South New Braunfels Avenue
 H E B Pharmacy 13172 1955 Nacogdoches Road
 H E B Pharmacy 14178 6839 San Pedro Avenue
 H E B Pharmacy 15123 1705 Pat Booker Road
 H E B Pharmacy 16205 721 Castoville Road
 H E B Pharmacy 17395 12777 West Interstate Highway 10
 H E B Pharmacy 18201 1533 Austin Highway
 H E B Pharmacy 19294 6580 FM 78
 H E B Pharmacy 20398 2929 Thousand Oaks Drive
 H E B Pharmacy 21196 2828 Goliad Road
 H E B Pharmacy 2191 4821 Broadway Street
 H E B Pharmacy 22106 1015 East White
 H E B Pharmacy 23222 5803 Babcock Road
 H E B Pharmacy 24120 6000 West Avenue
 H E B Pharmacy 25224 7951 Guilbeau Road
 H E B Pharmacy 27190 8231 Marbach Road
 H E B Pharmacy 29134 9900 Wurzbach Road
 H E B Pharmacy 30262 5601 Bandera Road Suite 11
 H E B Pharmacy 33230 14087 O'Connor Road
 H E B Pharmacy 34177 6030 Montgomery

San Antonio 78250 (210) 647-0165
 San Antonio 78232 (210) 496-6447
 San Antonio 78216 (210) 349-3129
 San Antonio 78233 (210) 657-4931
 San Antonio 78230 (210) 690-0195
 San Antonio 78238 (210) 684-8795
 San Antonio 78218 (210) 656-7900
 San Antonio 78217 (210) 654-6395
 San Antonio 78249 (210) 558-1390
 San Antonio 78209 (210) 829-7486
 San Antonio 78221 (210) 921-0151
 San Antonio 78201 (210) 738-1070
 San Antonio 78238 (210) 680-4169
 San Antonio 78213 (210) 366-2275
 San Antonio 78218 (210) 826-4992
 San Antonio 78250 (210) 647-5057
 San Antonio 78201 (210) 734-7121
 San Antonio 78223 (210) 533-5122
 San Antonio 78220 (210) 333-4191
 San Antonio 78216 (210) 824-3237
 San Antonio 78217 (210) 653-7726
 San Antonio 78230 (210) 696-3540
 San Antonio 78202 (210) 224-6361
 San Antonio 78218 (210) 653-3140
 San Antonio 78230 (210) 341-1487
 San Antonio 78228 (210) 733-8147
 San Antonio 78227 (210) 673-4550
 San Antonio 78209 (210) 826-2391
 San Antonio 78223 (210) 337-6735
 San Antonio 78239 (210) 684-5801
 San Antonio 78201 (210) 342-4211
 San Antonio 78234 (210) 927-9492
 San Antonio 78251 (210) 681-8630
 San Antonio 78221 (210) 927-6755
 San Antonio 78247 (210) 653-6092
 San Antonio 78207 (210) 436-1878
 San Antonio 78232 (210) 496-9545
 San Antonio 78240 (210) 690-6070
 San Antonio 78212 (210) 737-1866
 San Antonio 78225 (210) 534-6131
 San Antonio 78205 (210) 273-1141
 San Antonio 78230 (210) 690-1616
 San Antonio 78205 (210) 225-4148
 San Antonio 78228 (210) 737-1040
 San Antonio 78227 (210) 673-1760
 San Antonio 78232 (210) 490-5593
 San Antonio 78223 (210) 534-5034
 San Antonio 78209 (210) 930-3454
 San Antonio 78216 (210) 979-8660
 Universal City 78148 (210) 658-6216
 San Antonio 78237 (210) 436-6465
 San Antonio 78230 (210) 538-3022
 San Antonio 78218 (210) 828-6871
 San Antonio 78244 (210) 458-1636
 San Antonio 78247 (210) 491-9976
 San Antonio 78223 (210) 333-1031
 San Antonio 78209 (210) 824-0515
 San Antonio 78223 (210) 337-7549
 San Antonio 78240 (210) 641-6405
 San Antonio 78213 (210) 341-3875
 San Antonio 78250 (210) 523-0481
 San Antonio 78227 (210) 673-3280
 San Antonio 78230 (210) 696-1073
 San Antonio 78238 (210) 647-2709
 San Antonio 78247 (210) 637-0033
 San Antonio 78239 (210) 657-0322

TRICARE San Antonio Texas Pharmacy Listing

H E B Pharmacy 35164	15000 San Pedro Avenue	San Antonio	78232	(210) 494-3203
H E B Pharmacy 36187	7010 South Zarmora Street	San Antonio	78224	(210) 924-5297
H E B Pharmacy 37235	9255 FM 471 West	San Antonio	78251	(210) 680-2958
H E B Pharmacy 38195	11551 West Avenue	San Antonio	78213	(210) 340-7786
H E B Pharmacy 6192	2118 Fredericksburg Road	San Antonio	78201	(210) 737-2040
H E B Pharmacy 7211	415 North New Braunfels Avenue	San Antonio	78202	(210) 226-8842
H E B Pharmacy 8365	300 West Olmos Drive	San Antonio	78212	(210) 829-1105
H E B Pharmacy 9193	2225 Pleasanton Road	San Antonio	78221	(210) 927-6875
Huntleigh Pharmacy	1040 Southwest West White Road	San Antonio	78220	(512) 333-2020
Kmart Pharmacy 3479	2735 Austin Highway	San Antonio	78218	(512) 656-6637
Kmart Pharmacy 3493	238 Southwest Military Drive	San Antonio	78221	(210) 922-2154
Kmart Pharmacy 3690	7723 Guilbeau Road	San Antonio	78250	(512) 681-2938
Kmart Pharmacy 3948	12300 San Pedro Avenue	San Antonio	78216	(210) 545-5785
Kmart Pharmacy 3992	2015 Southwest Loop 410	San Antonio	78227	(210) 673-2202
Kmart Pharmacy 4941	11711 North Interstate Highway 35	San Antonio	78233	(210) 650-3322
Kmart Pharmacy 7241	3150 Pat Booker Road	Universal City	78148	(512) 659-1376
Kmart Pharmacy 7300	315 South Santa Rosa Avenue	San Antonio	78207	(512) 226-9251
Kmart Pharmacy 7301	4902 Fredericksburg Road	San Antonio	78229	(512) 341-0709
Kmart Pharmacy 7404	2902 Goliad Road	San Antonio	78223	(512) 337-1805
Laurel Ridge Hospital Pharmacy	17720 Corporate Woods Drive	San Antonio	78259	(210) 491-9400
Pollocks Helotes Pharmacy	12920 Bandera Road	Helotes	78033	(210) 281-8820
Sequin Road Square Pharmacy	5975 FM 78 Suite 280	San Antonio	78244	(210) 661-8004
Village Oaks Pharmacy	12702 Toepferwein Road	San Antonio	78233	(210) 656-6622
Walgreens Drug Store 00005	605 Southwest Military Drive	San Antonio	78221	(210) 924-6582
Walgreens Drug Store 00657	6020 Ingram Road	San Antonio	78238	(210) 680-2962
Walgreens Drug Store 00662	13430 San Pedro Avenue	San Antonio	78216	(210) 496-1313
Walgreens Drug Store 00664	5740 Walzem Road	San Antonio	78218	(210) 657-7071
Walgreens Drug Store 00673	2361 Northwest Military Highway	San Antonio	78231	(210) 349-4524
Walgreens Drug Store 00873	4811 West Commerce Street	San Antonio	78237	(210) 434-5566
Walgreens Drug Store 01624	5282 Medical Drive Suite 125	San Antonio	78229	(210) 661-6437
Walgreens Drug Store 02198	4210 McCulloch Avenue	San Antonio	78212	(210) 829-7331
Walgreens Drug Store 02755	3065 Rigby Avenue	San Antonio	78222	(210) 337-1122
Walgreens Drug Store 02943	2710 Nogalitos	San Antonio	78225	(210) 921-0118
Walgreens Drug Store 02944	7423 Broadway Street	San Antonio	78209	(210) 821-6992
Walgreens Drug Store 02955	1620 Bandera Road	San Antonio	78228	(210) 432-7334
Walgreens Drug Store 03031	13107 Nacogdoches Road	San Antonio	78217	(210) 656-5041
Walgreens Drug Store 03083	10650 Toepferwein Road	Converse	78109	(210) 659-8177
Walgreens Drug Store 03140	410 West Cypress Street	San Antonio	78212	(210) 225-4809
Walgreens Drug Store 03141	1105 Goliad Road	San Antonio	78223	(210) 533-3041
Walgreens Drug Store 03368	1581 Austin Highway	San Antonio	78218	(210) 657-7071
Walgreens Drug Store 03504	6393 Babcock Road	San Antonio	78240	(210) 690-9025
Walgreens Drug Store 03505	6635 Bandera Road	San Antonio	78238	(210) 681-8540
Walgreens Drug Store 03506	6363 Rittiman Road	San Antonio	78218	(210) 666-1104
Walgreens Drug Store 03562	9080 Marbach Road	San Antonio	78245	(210) 673-3082
Walgreens Drug Store 03563	7103 Marbach Road	San Antonio	78227	(210) 674-1096
Walgreens Drug Store 18656	8250 Marbach Road	San Antonio	78227	(210) 673-3082
Walgreens Drug Store 18879	300 East Houston Street	San Antonio	78205	(210) 225-7922
Walgreens Drug Store 3224	6901 San Pedro Avenue	San Antonio	78216	(210) 349-9809
Walgreens Drug Store 3634	3326 Fredericksburg Road	San Antonio	78201	(210) 732-1621
Walgreens Drug Store 883	803 Castrolville Road Suite 139	San Antonio	78237	(210) 434-4159
Walmart Pharmacy 100765	2921 Pat Booker Road	Universal City	78148	(210) 659-6606
Walmart Pharmacy 101198	286 Bitters Road	San Antonio	78216	(210) 491-9001
Walmart Pharmacy 101235	5025 Northwest Loop 410	San Antonio	78229	(210) 523-1123
Walmart Pharmacy 101313	910 Southeast Military Drive	San Antonio	78214	(210) 273-4000
Walmart Pharmacy 101347	7702 North Interstate Highway 35	San Antonio	78218	(210) 273-4000
Walmart Pharmacy 102239	555 Southwest Loop 410	San Antonio	78245	(210) 675-8480

CALDWELL COUNTY

Walmart Pharmacy 10-0292	US 183 South	Lockhart	78644	(512) 398-2364
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COLEMAN COUNTY

Owl Drug Store	312 South Commercial Avenue	Coleman	76834	(915) 625-2178
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COMAL COUNTY

Eckerd Drugs 2103	603 West US Highway 81	New Braunfels	78130	(210) 629-8096
H E B Pharmacy 380	651 South Walnut Avenue	New Braunfels	78130	(210) 608-0029
Kmart Pharmacy 3727	1050 East Interstate Highway 35	New Braunfels	78130	(512) 620-6003
Mountain Valley Pharmacy	1395 Sattler Road Suite 8	Canyon Lake	78130	(817) 281-8820
Walgreens Drug Store 02817	1093 West San Antonio Street	New Braunfels	78130	(210) 620-7979
Walmart Pharmacy 100865	1133 West Interstate Highway 35	New Braunfels	78130	(210) 629-9011

TRICARE San Antonio Texas Pharmacy Listing**GILLESPIE COUNTY**

H E B Pharmacy 130	401 South Adams Street	Fredericksburg	78624	(210) 997-8809
Walmart Pharmacy 1154	1511 East Main Street	Fredericksburg	78624	(210) 997-3047

GUADALUPE COUNTY

Eckerd Drugs 916	1431 East Court Street	Seguin	78155	(210) 379-0730
H E B Pharmacy 173	1368 East Court Street	Seguin	78155	(210) 379-0160
Texas Country Gifts & Pharmacy	206 FM 78	Schertz	78154	(210) 658-7071
Walmart Pharmacy 100901	1500 East Court Street Suite 808	Seguin	78155	(210) 372-5880

HAYS COUNTY

Eckerd Drugs 2447	921 Highway 80	San Marcos	78666	(210) 396-1111
H E B Pharmacy 243	641 Bugg Lane	San Marcos	78666	(512) 396-2892
Thorpe Lane Pharmacy	1346 Thorpe Lane	San Marcos	78666	(512) 353-5042
Walmart Pharmacy 100404	933-A Highway 80	San Marcos	78666	(512) 353-3000

KENDALL COUNTY

H E B Pharmacy 232	420 West Bandera Road	Boerne	78006	(210) 816-9769
Walmart Pharmacy 101126	1313 South Main Street	Boerne	78006	(210) 816-3587

KERR COUNTY

Albertsons Food & Drug 4001	313 Sidney Baker Street South	Kerrville	78028	(210) 896-8704
Eckerd Drugs 3237	827 Junction Highway	Kerrville	78028	(210) 895-3311
H E B Pharmacy 089	300 Main Street	Kerrville	78028	(210) 696-0227
Walmart Pharmacy 100508	1216 Junction Highway	Kerrville	78028	(210) 896-5511

MEDINA COUNTY

Walmart Pharmacy 100443	103 19th Street	Hondo	78861	(210) 426-3305
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UVALDE COUNTY

H E B Pharmacy 147	227 East Main Street	Uvalde	78801	(210) 278-2581
Walmart Pharmacy 100782	2340 East US Highway 90	Uvalde	78801	(512) 278-6221

WILSON COUNTY

Dunn Pharmacy	624 Main Street	Stockdale	78160	(512) 996-3421
Eckerd Drugs 3233	9 Plaza Shopping Center	Floresville	78114	(210) 393-4928
Lavernia Pharmacy	127-C West Highway 87	Lavernia	78121	(512) 779-2219
Walmart Pharmacy 100465	US 181 Bypass North	Floresville	78114	(210) 393-3119

TRICARE Ancillary Providers

The Ancillary Providers listed below have agreed to participate in the TRICARE Prime and Extra Programs.

Please note that there is a listing of participating ancillary services, by county, in the Prime & Extra and Extra Only sections of this directory. If your county does not list these services, please refer to the national numbers given below:

Apria Healthcare Service**1-800-793-8671**

(Home Health, DME, Home Infusion)

SmithKline Beecham Clinical Laboratories**1-800-337-7220**

(Outpatient laboratory and pathology services)

If you have questions about these services please call **1-800-406-2832**, or visit your TRICARE Service Center.

HOUSE NATIONAL SECURITY COMMITTEE
SEPTEMBER 11, 1996
MEDICARE SUBVENTION HEARINGS
MR. WATTS
QUESTIONS 1 THOROUGH 12

Question: I have been told that both Title 10 and Title 42 US Code provide authority to conduct demonstration programs to test Medicare subvention without further congressional authority. Why has it taken so long to begin a demonstration program? If this is not true, can you tell me more about the legal "roadblocks" that stand in the way of implementing a demonstration program?

Answer: The Department believes we have the statutory authority to conduct a Medicare subvention demonstration program. The Department of Health and Human Services, Health Care Financing Administration (HCFA), however, believes new statutory authority is needed to allow Medicare to reimburse DoD.

Question: Military beneficiaries want a fee-for-service option included in the demonstration program; I understand that HHS and the Department of Veterans' Affairs (DVA) have not included this in the demonstration program. Why not include a fee-for-service in the DoD/Medicare demonstration?

Answer: The Department has no objection to providing care to Medicare eligible beneficiaries under a fee-for-service option. However, there clearly exist some concerns that under a fee-for-service demonstration, DoD might attempt to shift costs to the Medicare program for care currently provided on a space available basis. I believe that we can provide cost-effective, appropriate care to the Medicare population and strongly support demonstration of a managed care program that will enable us to confirm this belief.

Question: If the Congress grants you legislative authority to test Medicare subvention using a network contractor as a Primary Care Manager without having to rebid the contract would you do it? If not, why, not?

Answer: One of the primary purposes of TRICARE is to maximize the use of military treatment facility (MTF) resources. To the extent that MTF resources are fully employed and/or supplemented, we believe the MTF is able to provide services in a more cost-effective manner than in the civilian community. For this reason, we believe it is wise to operate the demonstration initially with only MTF primary care managers until the costs associated with the project can be assessed.

Question: Military medical treatment facilities (MTFs) already have in place the means by which to bill employer provided medical insurance companies under the Third Party Payer system.

What problem would be created with MTFs having the authority to bill Medicare on a fee-for-service basis for care provided to Medicare-eligible beneficiaries?

Answer: I would not anticipate any significant problems with respect to our ability to bill third parties, including Medicare.

Question: In some cases it would be much simpler to allow military retirees to participate in the Federal Employees Health Benefits Program (FEHBP), than to attempt to create a special program.

Would DoD oppose this? If so, why?

Answer: Conversion of military health care to the FEHBP shifts scarce DoD health care resources away from activities that complement readiness toward a program that will function separate and apart from the military medical system. To continue the patient benefit at the same level we provide within the Military Health Services System, a recent report by the Congressional Budget Office (CBO) states that FEHBP would cost the government an additional \$3.1 billion per year. If one focused only on the Medicare-eligible retiree population, DoD costs would increase by anywhere from \$1.1 billion to \$1.5 billion per year. Offering FEHBP coverage to all Medicare beneficiaries would increase total government costs without increasing access to care within military facilities. In addition, by our estimates, without a large infusion of new federal funds, military retirees would face significantly increased out-of-pocket costs under FEHBP. The inclusion of FEHBP as a benefit option in the future may merit examination, but we believe it would be premature to inject this additional complexity as DoD moves to complete implementation of TRICARE. We believe it is our responsibility to improve access for our retirees, including Medicare-eligible retirees, to needed health care services within military facilities. Medicare subvention, rather than a special program, is the way to more efficiently use two existing federally funded health care programs. Many Medicare-eligible beneficiaries of the Military Health Services System (MHSS) currently use both systems, a practice that could result in the provision of duplicate services and that erodes continuity of care. The Medicare Subvention demonstration provided for in the Memorandum of Agreement would enable the two programs to better manage the care provided to this population and should result in cost-savings to the Medicare program.

Question: Since Medicare subvention is in the demonstration phase and FEHBP does not require Medicare beneficiaries to enroll in Medicare Part B, why not test enrolling beneficiaries without Medicare Part B, and require them to pay the TRICARE enrollment fee; conversely for those with Medicare Part B, waive the TRICARE enrollment fee and reduce the copayment?

Answer: DoD desires to demonstrate that MTFs can fully function as Medicare at-risk HMOs, providing for or arranging for all needed health care services. Part B provides coverage for physician and other outpatient health care services for Medicare eligible beneficiaries who chose to enroll in and pay premiums for Part B. As Medicare requires commercial Medicare HMOs to enroll only those beneficiaries with Part B, and DoD is seeking to operate as a Medicare-risk HMO, it is appropriate for a DoD/Medicare managed care demonstration to require Part B coverage of its enrollees. The TRICARE enrollment fee will be waived, since enrollees will be paying premiums for Part B.

Question: Military retirees seem very pleased with the care they receive in the Uniformed Services Treatment Facilities (USTFs). There are USTFs in the Houston, Texas and Seattle, Washington areas.

Why not include them as Primary Care Managers in the demonstration project?

If not, what is the Department's intent concerning inclusion of those health care facilities in the Medicare subvention program?

Answer: Medicare-eligible retirees are currently eligible for and many are enrolled in the Uniformed Services Family Health Plan, a managed care plan administered by the USTFs. The DoD and HCFA agreement intends that only participating MTFs, supported by the TRICARE managed care support contractor, be Primary Care Managers under the initial demonstration program. After the initial demonstration, we would move to incorporate the USTFs in the demonstration if it was a cost-effective alternative.

Question: I understand that the Health and Human Services and Departments have finally concluded a Memorandum of Agreement to conduct a military managed care demonstration project. The arrival of this long awaited plan is appreciated. However, I understand that disabled beneficiaries are to be excluded. Why have disabled beneficiaries been excluded?

Answer: Military Health Services System (MHSS) beneficiaries who are eligible for Medicare by reason of disability are also eligible for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and, therefore, already eligible to enroll in TRICARE. A Medicare subvention demonstration would facilitate the Department's desire to provide services for those beneficiaries who are over 65, not eligible for CHAMPUS, and therefore, not eligible for TRICARE.

Question: The demonstration project is planned for four sites in Region 6. While San Antonio has been identified in the Memorandum of Agreement as one of the project sites, I believe the other three are not yet identified. The Reynolds Army Hospital, located at Fort Sill, serves a huge population of military retirees, is geographically separated from the San Antonio

area and is a state-of-the-art facility. These factors lead me to believe that Reynolds Army Hospital should be included as one of the remaining three test sites.

Can you comment on the test site selection process? What are the criteria that will lead to the selection of medical treatment facilities that will participate in the demonstration project?

Answer: Regions 6 and 11 are among the longest-operating regions in the TRICARE program. Conducting the demonstration project in these regions would ensure a large enough beneficiary sample from which DoD and HCFA could draw conclusions about the performance of the project, including whether or not the project could be expanded nationwide. Consideration was also given to the infrastructure in existence that would support the demonstration. In using the existing program infrastructure and the experience of the personnel in those regions, DoD and HCFA would eliminate the need for a costly design and start-up period for the demonstration. Moreover, the information systems support necessary for the project would be in place in these regions. Although enabling legislation for a Medicare subvention demonstration was not passed, we are considering a project that would attempt to simulate what would happen if DoD maintained its current level of effort and there were actual Medicare reimbursement. Under this "Medicare simulation," sites may be expanded to include Reynolds Army Hospital.

Question: Paragraph 3 of the Memorandum of Agreement addresses the issue of "...standard Medicare benefit..." I am somewhat unclear on the meaning of this language.

Can you explain, in layman's terms, the meaning of standard Medicare benefit?

Answer: The standard Medicare benefit refers to all health care services covered under Medicare on a fee-for-service basis. Medicare HMOs generally cover some additional services as an enhancement to the standard benefit.

Question: There seems to be a "disconnect" between the language contained in paragraphs three and 5 of the Memorandum of Agreement. Paragraph three seems to say it is DoD's intent to not require premiums or enrollment fees. Paragraph 5 specifically cites enrollment fees to be paid by those enrolled in the demonstration project.

Can you explain the apparent "disconnect" between the language in paragraphs three and five of the Memorandum of Agreement?

Answer: A fee would not be required for enrollment in the Medicare Subvention demonstration; however, a demonstration enrollee would be required to continue their enrollment in and payment of fees for Medicare Part B.

Question: Paragraph 11 of the Memorandum of Agreement requires the evaluation of the demonstration to be done by an independent evaluator, funded by DoD, who is in place at the start of the demonstration. I'm convinced that this language is too restrictive.

Can the Memorandum of Agreement be restructured to allow for some greater flexibility in the appointment of the independent evaluator?

Answer: DoD would have no objection to this suggestion.

**MEDICARE SUBVENTION
PERSONNEL HEARINGS
MS. DE LAURO
QUESTIONS 13 THOROUGH 15**

Question: CBO estimates in May suggested that a Medicare subvention demonstration program could cost the Medicare Trust Fund \$200 million to \$250 million each year for the three years of the demonstration program. I understand that the Defense Department objects to the CBO analysis and that changes have been made in the demonstration proposals, but can you reassure me that a Medicare subvention trial will not cost Medicare money? I would also like you to comment on a second concern. Even if a carefully controlled demonstration program could be made cost-neutral, could cost neutrality be maintained if Medicare subvention were expanded nationwide?

Answer: I believe that the demonstration program reimbursement methodology designed by DoD and the Health Care Financing Administration assures cost neutrality by requiring that DoD maintain its current level of effort before any Medicare payment for care. In fact, there exists the very real potential for slowing the growth of Medicare expenditures for this population through expansion of DoD provided care at a reimbursement rate below what Medicare currently pays other Medicare risk health maintenance organizations.

Question: We have heard how costs to the Medicare program will be limited by ensuring that DoD continues its current level of effort in financing military health care. Can you explain how such a level of effort will be determined to ensure a fair burden of costs?

Answer: DoD, HCFA, and OMB worked together to develop the methodology for determining level of effort under the demonstration. The methodology is complex and not easily explained in a few sentences. We have attached the complete technical explanation.

Question: We have testimony from many military retiree groups in support of Medicare subvention. Retiree groups also support, and perhaps more strongly, giving military retirees access to the Federal Employees Health Benefit Program (FEHBP) as has been championed by my colleague from Virginia, Representative Moran. But you have voiced opposition to such a plan. Can you comment on whether we should consider an FEHBP demonstration?

Answer: Conversion of military health care to the FEHBP shifts scarce DoD health care resources away from activities that complement readiness toward a program that will function separate and apart from the military medical system. To continue the patient benefit at the same level we provide within the Military Health Services System, a recent report by the Congressional Budget Office (CBO) states that FEHBP would cost the government an additional \$3.1 billion per year. If one focused only on the Medicare-eligible retiree population, DoD costs would increase by anywhere from \$1.1 billion to \$1.5 billion per year. Offering FEHBP coverage to all Medicare beneficiaries would increase total government costs without increasing access to care within

military facilities. In addition, by our estimates, without a large infusion of new federal funds, military retirees would face significantly increased out-of-pocket costs under FEHBP. Although inclusion of FEHBP as a benefit option in the future may merit examination, the Department does not believe that the access issues raised by retiree groups would be solved by authorizing military retiree participation in FEHBP. On reaching age 65 and becoming eligible for Medicare, the FEHBP plans become a supplement-only plan to Medicare - often referred to as "Medigap" plans. That is, the FEHBP will only pay the beneficiaries deductibles and cost-shares related to the Medicare usual, customary, and reasonable (UCR) reimbursement.

**HOUSE VETERANS AFFAIRS COMMITTEE
SEPTEMBER 11, 1996
CHAIRMAN BOB STUMP
QUESTIONS 16 THOROUGH 18**

Question: Understanding that DoD and the Department of Veterans Affairs have developed a network of sharing agreements, pilot programs involving CHAMPUS beneficiaries, and a memorandum of understanding to support a VA role in the developing TRICARE Program, what role, if any, is envisioned for the VA under the Medicare subvention pilot program under discussion between DoD and the Health Care Financing Administration?

Answer: There was no specific role envisioned for the VA in the agreement between DoD and the Health Care Financing Administration. Where participating MTFs have resource sharing agreements with the VA, those agreements would also support Medicare subvention demonstration enrollees at that MTF. Also, the VA is pursuing their own demonstration program.

Question: Many DoD beneficiaries often carry dual eligibility for medical care services through the VA health care system by virtue of their veteran status or through the existence of a service-connected disability. Would the DoD subvention pilot program under discussion allow a veteran/beneficiary the choice of where he or she would be able to receive their care, and would this permit reimbursement to the VA if such a beneficiary chose the VA as his or her principal care provider?

Answer: The agreement between HCFA and DoD required that the MTF would always be the Primary Care Manager for demonstration enrollees in order that DoD and the MTF have control over the management of care under the demonstration and, therefore, over payment for care. In addition, the level-of-effort concept for reimbursement to the MTFs for care provided to enrollees is based solely on the care provided for dual-eligible beneficiaries within the participating MTFs. The VA's participation in the demonstration would be limited to those VA medical centers participating in TRICARE in a demonstration area, or those having a resource sharing agreement with a participating MTF.

Question: The DoD/HCFA Medicare subvention pilot currently under discussion excludes from participation those disabled DoD beneficiaries who are eligible for Medicare services because of their disability. What impact would this exclusion have on beneficiaries who have both veteran and military retiree status?

Answer: There should be no impact on these beneficiaries. Military Health Service System (MHSS) beneficiaries who are eligible for Medicare by reason of disability are also eligible for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and, therefore, already eligible to enroll in TRICARE.

**DoD Medicare Demonstration Project
Determination of Level of Effort (LOE), Application of LOE Trigger, and
Reimbursement Rate**

Composition of the DoD Level of Effort (LOE)

The DoD level of effort (LOE) represents the dollar value of healthcare services provided to dual eligible (DoD and Medicare) beneficiaries in the demonstration region. The existing DoD LOE before starting the demonstration has four components:

- USTF care in the region,
- Space-available pharmacy prescriptions in the region,
- Space- available outpatient care in the region, and
- Space- available inpatient care in the region.

Once the demonstration project starts the demonstration LOE will have five components (listed below and further discussed in the section "Application of LOE Trigger"):

- USTF care in the region,
- Space- available pharmacy prescriptions in the region,
- Space- available outpatient care in the region,
- Space- available inpatient care in the region, and
- Medicare Prime enrollees in the region.

Computation of the DoD Level of Effort (LOE)

Initially, the regional LOE will be measured in FY94 actual cost for each of the four components listed above. The FY94 LOE will be updated to an FY96 base year LOE as follows:

- Initially, the FY96 base year LOE is **estimated** from FY94 actual LOE.
 - First, measure FY94 actual LOE.
 - Second, adjust the FY94 LOE for any BRAC actions (i.e., resulting in closure/downgrading of MTF capacity with a related reduction in the DHP budget) between FY94 and FY96 and for any significant DHP budget reductions (i.e., reductions exceeding \$200M) that could impact the DHP's ability to continue the same LOE.
- For MTFs that are included in the FY94 LOE but whose capacity to provide space-available care to dual-eligible Medicare beneficiaries was either eliminated or reduced between FY94 and FY96, compute the dollar value of the lost FY94 space-available care and exclude that amount from the FY94 LOE.

- For DHP budget reductions exceeding \$200M in one year, made the appropriate adjustment to the FY94 space-available LOE.
- Third, apply the appropriate inflation to the adjusted FY94 LOE to update it from FY94 to the FY96 estimated LOE.
- Update FY96 base year estimated LOE with actual LOE
 - Once into FY97 when actual FY96 data is available, replace estimated FY96 base year LOE with the actual FY96 base year LOE

Update of the DoD base year Level of Effort (LOE) after Demonstration Begins

- Once the demonstration project starts, the FY96 base year LOE will be updated based on the annual inflation factor and appropriate adjustments for any BRAC actions (i.e., resulting in closure/downgrading of MTF capacity with a related reduction in the DHP budget), and for any significant DHP budget reductions (i.e., reductions exceeding \$200M) that could impact the DHP's ability to continue the same LOE from FY96 to the specific demonstration year (i.e., FY97, FY98, or FY99).

Application of the Regional LOE Trigger

- Each demonstration region will have a separate LOE trigger that will function independently of the other demonstration regions.
- DoD and HHS/HCFA will agree on the computation of the dollar value of the estimated base year FY96 LOE for each of the four components within the demonstration region (i.e., USTF care, space- available pharmacy prescriptions, space- available outpatient care, and space- available inpatient care).
 - The dollar value of the four LOE components will be divided by 12 to get a monthly average LOE dollar amount. This dollar amount will constitute the monthly LOE dollar trigger.
 - The monthly trigger will be computed on a cumulative basis (i.e., the second month's trigger will include the cumulative dollar value of the first and second months' trigger; the third month's trigger will include the cumulative dollar value of the first, second and third months' trigger, etc.).

Monthly Reporting of Actual Experience Against LOE Trigger.

- DoD will report monthly to HHS/HCFA the actual monthly costs incurred against the monthly trigger for each region. The costs will be reported in the five LOE categories (i.e., USTF care, space- available pharmacy prescriptions, space- available outpatient care, space- available inpatient care, and Medicare Prime enrollees' care).
- The source for the monthly LOE cost reporting will be as follows:
 - USTF care -- actual number of USTF enrollees times the applicable capitation rate paid by DoD,
 - Space- available pharmacy prescriptions -- unit costing methodology (see separate section for description),
 - Space- available outpatient care -- unit costing methodology,
 - Space- available inpatient care -- unit costing methodology,
 - Medicare Prime enrollees' care -- number of enrollees times negotiated DoD/HCFA reimbursement rate (this provides the dollar value of the enrollee care for LOE credit purposes regardless of what DoD actually spends).
- **Note:** DoD will keep track of actual enrollee costs using the unit costing methodology for final reconciliation reporting purposes at the end of each demonstration year.
- **Note:** If DoD does not obtain separate reimbursement from HCFA for the Home Health Care/Skilled Nursing Facility (HHC/SNF) portion of the AAPCC for enrollees below the LOE, then HCFA will give DoD credit for the same amount toward meeting the LOE.
- The computation of the monthly dollar value credit toward meeting the regional LOE will start with the USTF care and will end with the Medicare Prime enrollees' care *in the priority sequence listed above*.

Monthly Reimbursement and Year End Reconciliation of Monthly Reimbursement Payments.

- Once DoD exceeds the cumulative monthly regional LOE level, HCFA will provide DoD reimbursement at the negotiated DoD/HCFA monthly rate for each enrollee above the monthly LOE amount.
- DoD will continue to receive monthly enrollment reimbursement only if DoD exceeds the monthly cumulative LOE amount.

- In any month that DoD drops below the regional cumulative LOE amount, DoD will not receive any reimbursement from HCFA and will not owe any money to HCFA until the final reconciliation report at the end of each demonstration year.
- At the end of each demonstration year, DoD will submit a final reconciliation report. If at that time DoD is below the annual LOE amount, DoD will:
 - reimburse HCFA for any monthly reimbursements received up to the LOE amount for the completed demonstration year, and
 - make adjustments to the benefits (e.g., reduce the enrollment fee if there is one) as necessary for future demonstration years.

Year End Report of DoD Total Costs.

- On a cumulative basis each month, DoD will have reported the actual cost incurred for treating dual DoD/Medicare beneficiaries in the following four categories:
 - USTF care -- actual number of USTF enrollees times the applicable capitation rate paid by DoD,
 - Space- available pharmacy prescriptions -- unit costing methodology (see separate section for description),
 - Space- available outpatient care -- unit costing methodology, and
 - Space- available inpatient care -- unit costing methodology,
- At the end of each demonstration year, DoD will also report the full cost incurred for dual DoD/Medicare beneficiaries who enrolled in TRICARE Prime under the demonstration project. The source of these costs will be:
 - the unit costing methodology for all care provided in MTFs,
 - reports from the MCS contractor for all care purchased from the MCS contractor's network based on processed paid claims, and
 - reports from the MCS contractor for all claims paid for all non-network care and for all out-of-area care based on processed paid claims.

**Negotiated Reimbursement Rates for Medicare/Military Managed Care
Demonstration Project**

- HCFA will reimburse DoD for each Medicare Prime enrollee below the regional LOE at 95 percent of the portion of the appropriate AAPCC rate which covers home health care and skilled nursing facility (HHC/SNF) care because this is a new benefit for these enrollees (i.e., below the LOE) which was never included in DoD's LOE.
 - An alternative to this reimbursement, is to credit DoD at the same rate (i.e., 95 percent of the portion the appropriate AAPCC rate which covers HHC/SNF) for each enrollee below the LOE in computing DoD's incurred cost toward meeting the LOE.
- In any month that DoD exceeds the cumulative monthly regional LOE amount, HCFA will reimburse DoD for each Medicare Prime enrollee above the regional LOE amount at 93 percent of the appropriate AAPCC rate.
 - This represents a 2 percent savings for HCFA if the enrollee came from an at-risk HMO, and a 7 percent savings for HFCA if the enrollee came from the fee-for-service program.

Testimony Provided to

Subcommittee on Military Personnel

Committee on National Security

United States House of Representatives

on

Wednesday, September 11, 1996

by

Honorable William Sarpalius

on behalf of

**The Sisters of Charity of the Incarnate Word
Health Care System, Houston, Texas**

Hon. William Sarpalius
Sisters of Charity Health Care System

HNSC 9/11/96

Dear Mr. Chairman:

I appear before you today at the request of the Sisters of Charity of the Incarnate Word Health Care System in Houston, Texas and the other six Uniformed Services Treatment Facilities (USTFs). I want to express the strong support of the Sisters of Charity and the other USTFs for the Medicare Subvention Demonstration Project proposed by the Department of Defense (DoD) and the Health Care Financing Administration (HCFA).

I want to take this opportunity to make two important points. First, if the USTFs are included, the USTFs will make the demonstration a success and lower health care costs for both DoD and the Medicare Trust Funds. Second, I want to explain the importance of this demonstration project to military beneficiaries and the Sisters of Charity and the other USTFs.

Before I comment on these two points, I want to describe the possible plight of an enrollee in the Texas USTF as an example why subvention is needed. Mrs. IO is 64 years old and soon will become Medicare eligible. If she was enrolled in TRICARE Prime, she would be forced out of Prime when she reaches 65 and would face significant out of pocket costs.

As you know, Medicare does not cover prescription drugs and this individual, because of her medical condition, needs prescriptions costing over \$200 per month. On a limited income, this is a real burden. Fortunately, she is enrolled with the USTF Program so her

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enrollment will not be canceled, as would have happened if she was enrolled in TRICARE Prime without Medicare Subvention.

However, Mrs. IO's situation is repeated many times and other military beneficiaries will face her problem. If Medicare subvention is enacted and the USTFs are included in the demonstration, other individuals will be able to join the USTF program, with the cost of their care split between Medicare and DoD. Subvention will allow Medicare-eligible military beneficiaries to obtain the benefits they earned, often at great personal sacrifice.

The USTFs can make the subvention demonstration a success. The USTFs have the administrative and medical systems in place now and can accommodate additional military beneficiaries who want to join. The experience of the USTFs make these facilities logical additions to the demonstration. In fact, Pacific Medical Clinics in Seattle has been consulted by Madigan Army Medical Center in Region 11 during its planning for implementation of the subvention demonstration.

As private sector organizations, although with a special designation as USTFs and a fifteen year commitment to military beneficiaries, these organizations have significant experience with Medicare HMO risk contracts and all aspects of managed care. In addition, the USTFs are full service programs serving not only military beneficiaries but also many other individuals through Medicare, Medicaid and various HMO and commercial insurance plans. St. Joseph's Hospital, operated by the Sisters of Charity, is the second largest Medicare provider in Houston.

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The USTFs have a unique position in the Military Health Services System (MHSS). The USTFs are deemed to be facilities of the Uniformed Services for purposes of Chapter 55 of Title X. Because of the leadership of this subcommittee, the FY 1997 Defense Authorization legislation, approved by both Houses of Congress and now awaiting the president's signature, continues the special status of the USTFs as designated providers within the MHSS.

This legislation is based on a set of Guiding Principles accepted by both DoD Health Affairs and the seven USTFs. Principle #6 states that the USTF can enroll additional DoD beneficiaries because of Medicare Subvention, "if there is a demonstration project in place between DoD and HCFA that is operational in an area in which the USTF is located."

The USTFs, at the request of the staff of the Senate Finance committee, have submitted proposed language describing how the USTFs would fit into subvention demonstration legislation that committee is preparing. A copy of this proposed language is included with my written testimony.

This demonstration is important for both DoD and the USTFs in Texas and Seattle. These USTFs should be included in the demonstration because TRICARE is operational in their regions. These two USTFs now serve the largest number of Medicare eligible military beneficiaries in their regions. The USTF in Texas serves 5,919 individuals 65+ and the USTF in Seattle serves 5,719. These individuals and their current costs would be part of DoD's continued level of effort and are not part of the

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demonstration. However, any new enrollees at these two USTFs who are 65 or older would be in the demonstration as well as current enrollees who become Medicare beneficiaries.

The demonstration project will allow the Sisters of Charity and Pacific Medical Clinics to continue to accept military beneficiaries as new enrollees into their programs, avoiding the unfortunate situation I described earlier. If the USTFs are not in the demonstration, many DoD beneficiaries will not have access to military facilities, and will use their Medicare benefits, at higher costs to the federal government and significantly higher costs to themselves, which many cannot afford. Without the USTFs, these individuals will not have access to the benefits they earned as military personnel in service to their country.

It is only right and just that these individuals, who did so much for their country, have access to the benefits they earned. Space is limited in military treatment facilities (MTFs) in the Seattle area for Medicare beneficiaries and there are no MTFs in Houston. The USTFs in these locations can accommodate additional military beneficiaries, allowing these individuals access to the benefits they so richly deserve.

Besides allowing the military beneficiaries access to their benefits, participation of the USTFs in the demonstration will lower health care costs for both Medicare and DoD. For beneficiaries enrolled in the subvention demonstration, the USTFs will accept the same payment Medicare pays to HMOs. Thus, the Medicare trust funds will save on all individuals who enroll in this demonstration at the USTFs.

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Unlike other TRICARE programs, the USTFs will be fully at risk for the cost of care provided to individuals in the subvention demonstration, just as the USTFs are now fully at risk for other enrollees in the USTF Program. There cannot be any cost overrun for DoD or HCFA. The USTFs are fully at risk, not with risk corridors, not with any risk sharing between the USTFs and DoD; there is no cap on potential risk for the USTFs.

Because the USTFs are fully at risk, the subvention demonstration, that includes the USTFs, will allow a reduction in the federal budget. This is a significant benefit for the federal government and is indicative of the direction health care financed by the federal government is going: reliance on the private sector which is fully at risk.

To illustrate the risk the USTFs have assumed, I return to the example I cited earlier in my testimony. This individual has serious health problems but, fortunately, she is enrolled in the USTF at St. Joseph's Hospital in Houston and thus does not face significant out of pocket costs. However, the cost of the her care during the past twelve months is \$44,817.41 and the USTF has received capitation payments in the amount of \$2,730 from DoD as compensation for this individual. The Sisters of Charity have assumed this risk for Mrs. IO and consider this as part of their mission to care for those in need.

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In closing, I want to thank the Members for the opportunity to address this subcommittee on the important issue of Medicare Subvention and the inclusion of the USTFs in the project. The involvement of USTFs will benefit both the USTFs and the federal government. More importantly, this subvention demonstration and the participation of the USTFs will be a very significant benefit for the many military beneficiaries in Texas and Seattle.

STATEMENT FOR THE RECORD

BRUCE C. VLADECK, PH.D.
ADMINISTRATOR

HEALTH CARE FINANCING ADMINISTRATION

"MEDICARE SUBVENTION"

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE
HOUSE COMMITTEE ON NATIONAL SECURITY

SEPTEMBER 11, 1996

**STATEMENT OF BRUCE C. VLADECK, PH.D.
ADMINISTRATOR, HEALTH CARE FINANCING ADMINISTRATION
"MEDICARE SUBVENTION"
SEPTEMBER 11, 1996**

We are delighted to be joining with our colleagues in the Department of Defense (DoD) in moving forward with a test of Medicare subvention to the DoD health system. More than one million Americans are dually-eligible to receive health care through the Department of Defense's military health services system and through the Medicare program. Over the years, DoD and Medicare have separately provided access to quality care for these dual-eligible beneficiaries. The President strongly supports this demonstration. Secretary Shalala enthusiastically approved an agreement between the Health Care Financing Administration (HCFA) and DoD to coordinate our two programs in a three-year demonstration of Medicare "subvention." This demonstration will give us the opportunity to assess the effects of coordination on improving efficiency, access, and quality of care for dual-eligible beneficiaries in a selected number of sites in Texas and Washington.

As HCFA and DoD worked to design this demonstration, we at HCFA kept our eye on two imperatives: we must protect beneficiaries and we must protect the Medicare Trust Funds--the Hospital Insurance Fund (which pays for inpatient hospital care, home health service, skilled nursing care and hospice care) and the Supplemental Medical Insurance Trust Fund (otherwise known as Part B, it covers physicians services, outpatient hospital services, laboratory services and durable medical equipment). As you know, this Administration has expressed its concern about the solvency of the Trust Funds, and has proposed measures to strengthen them each year since coming into office. We must ensure that Medicare benefits are available for all beneficiaries, and so any program must be carefully designed to not further deplete the Trust Funds.

We have forged an agreement that protects the Medicare Trust Funds and protects beneficiaries.

Our agreement protects the Medicare Trust Funds against the risks of cost-shifting. First and foremost, DoD will receive Medicare payments only after it surpasses its current "level of effort" (i.e., the dollar amount DoD now spends rendering health care services to dual-eligible beneficiaries in military treatment facilities in the demonstration sites). To ensure that DoD maintains its level of effort, HCFA and DoD have designed an end-of-year reconciliation process to correct for any mistaken overpayments. Further, DoD has agreed to open its facilities to audits by HCFA, and the Department of Health and Human Services Inspector General. What is more, DoD and HCFA have agreed to an annual cap on Medicare payments of \$65 million.

Our agreement protects, indeed expands, beneficiaries' freedom of choice--they can use their Medicare benefits to enroll in and easily disenroll from TRICARE or to obtain care from civilian providers, or they can continue to seek care from DoD on a space-available

basis. Our agreement protects beneficiaries' quality of care because DoD will provide the complete range of Medicare benefits (including skilled nursing facility and home health care services not normally provided by DoD), and in so doing will adhere to Medicare's conditions of participation and quality standards.

Thus, we strongly believe that we have taken all possible steps to protect both beneficiaries and the Trust Funds from harm. Will we succeed? The answer will lie in a rigorous evaluation of this demonstration by an independent evaluator. Over the demonstration's three years, the independent evaluator will monitor performance and collect data to answer these crucial questions:

- What happens to the Medicare Trust Funds?
- Do beneficiaries experience improved access to health care?
- Does the quality of care improve?
- What happens to local health care providers and other Medicare beneficiaries in the surrounding community?

At the end of three years, we will see how coordination between our two programs improves efficiency, access, and quality of care for dual-eligible beneficiaries. In the meantime, we have put the necessary safeguards in place to protect beneficiaries and protect the Medicare Trust Funds.

We are hopeful that this demonstration will succeed, and that through it the beneficiaries we share in common with DoD will receive improved services -- the real "bottom line" in this effort.

NATIONAL GUARD YOUTH CHALLENGE PROGRAM

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY PERSONNEL SUBCOMMITTEE,
Washington, DC, Tuesday, September 24, 1996.

The subcommittee met, pursuant to notice, at 3:07 p.m., in room 2118, Rayburn House Office Building, Hon. Robert K. Dornan (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE

Mr. DORNAN. The Subcommittee on Military Personnel of the National Security Committee of the U.S. House of Representatives comes to order.

Today the subcommittee, on September 24, 1996, turns its attention to a pilot program operated by the National Guard. It provides training and opportunities to high-risk youth, and it is called, as Congressman General Officer Sonny Montgomery proudly tells me regularly, the National Guard Youth ChalleNGe Program.

This hearing was requested by my vice chairman, Mr. Pickett, and by Mr. Montgomery, senior Member of Congress on this committee.

Mr. Montgomery has been an early champion of the program, and to ensure the members of the subcommittee are educated about the many successes of the ChalleNGe Program, here we sit.

Mr. Chambliss, Mr. Buyer, and others who are interested in the program also supported a hearing. Mr. Chambliss is with us. Mr. Buyer of Indiana will be joining us, I believe. Oh, he actually sends his regrets, but he also was very strong about having this hearing.

We will hear perspectives about the program from both the program managers and the graduates. By all accounts, the pilot program has proved immensely successful. You will hear many wonderful stories about the recovery of young people who, after leaving school without a diploma, were headed down a dangerous course to crime and drugs. In other words, it wasn't going to be straight; it was going to be crooked. It wasn't going to be clean; it was going to be dirty. It wasn't going to be smart; it was going to be doper.

Those were my words to 8,000 gang members Sunday in Anaheim, CA; and they were all coming back, fighting back. They were, in particular, using—not using, embracing religion and using the power of our Savior, Jesus Christ, to get them already out of gangs including one gang called the Mexican Mafia, where the entrance fee was to kill somebody and the exit was you die yourself. Their

motto was, "Blood in, blood out." So it is most apropos, Mr. Montgomery, Mr. Pickett, and Mr. Chambliss, that I am having this hearing today after standing there staring, on a Sunday afternoon, at 8,000 gang members in a stadium in Anaheim, CA, not too far from Disneyland; a different scene yesterday. But what great kids they were—fighting back.

The ChalleNGe Program that is set up through the National Guard gave these young people the tools they needed to take back control of their lives, and the confidence and courage to seize the opportunities offered by this ChalleNGe Program. I was most impressed with the 73 percent of the graduates that obtained a General Educational Development [GED] diploma while attending the program and the near 100 percent of the graduates that are—I want to say that again—100 percent of the graduates that are leading productive lives following graduation.

The ChalleNGe Program is certainly a good news story, and the National Guard deserves a great deal of the credit for that good news. In my view, the success of this program further demonstrates that military training and discipline, in many cases, does provide the building blocks for success in life.

As successful as the program may be, it must be noted that some considered the funding of the program from DOD readiness accounts to be inappropriate. As you know, that view prevailed during deliberations for the fiscal year 1996 National Defense Authorization Act, and the authority for the Department to operate the program was scheduled to terminate after August of next year, 1997.

So let's hear some of that good news after words from our vice chairman, Mr. Pickett of Virginia. Would you like to make an opening statement, Owen?

STATEMENT OF HON. OWEN B. PICKETT, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, MILITARY PERSONNEL SUBCOMMITTEE

MR. PICKETT. Thank you, Mr. Chairman. I join you in welcoming our witnesses here today. We have a lot of ground to cover this afternoon. Because I very much want the subcommittee to have ample time to hear the important testimony of today's panelists, I am going to be brief in my remarks.

Among the witnesses appearing before the subcommittee today are Col. Maynard Bean, the Director of the Commonwealth ChalleNGe Program in Virginia; and Ms. Aimee Northern, a Commonwealth ChalleNGe graduate who will be making some remarks. I want to personally welcome them both to today's hearing.

The term "civil military program" is now interpreted to include any joint activity between the community and the military. Today we are going to be discussing one particular civil military program, the National Guard Youth ChalleNGe Program. I think it is very special.

This is the largest and most ambitious of the youth programs funded by the Department of Defense, and it is managed by the National Guard. It is a preventive program rather than a remedial youth-at-risk program. It targets unemployed, drug-free, high school dropouts 16 to 18 years of age. Since its inception in 1994,

the program has graduated about 6,500 students across the country. Over three-fourths of the graduates obtain a General Education Development [GED] diploma, as you mentioned, Mr. Chairman, and about 93 percent of all graduates end up employed, in college, in the military, back in high school, or enrolled in a trade school. The National Guard has been successful at turning at-risk youth into productive citizens.

In the fall of 1994, the Virginia National Guard began its ChalleNge Program. Colonel Bean and Aimee Northern will attest to the worth of the program in Virginia. Personally, I am convinced that the ChalleNge Program is a sound taxpayer investment in the Nation's future. It is a program that works. It makes good sense to continue it, and it makes good sense for the country to see its troubled young adults turn their lives around and become productive citizens.

This is a program that the Virginia National Guard wants to continue. It is my hope that the compelling testimony of today's witnesses will convince Congress to resume funding for this program because it is a proven success. It is also a program that has forged a winning partnership between our military and our at-risk youth. Our men and women in uniform have the training, education, and experience to serve as role models for young people in need of positive direction. They want to provide this community service.

Absent favorable action by Congress, authorization and funding for the ChalleNge Program will end at the end of fiscal year 1997. I urge my colleagues who are not convinced of the worth of the National Guard Youth ChalleNge Program to listen carefully to today's witnesses.

Mr. Chairman, that concludes my statement. I would yield back the balance of my time.

Mr. DORNAN. Thank you, Mr. Pickett.

I will go to Mr. Chambliss and then back to you, Mr. Montgomery, if you have an opening statement. Saxby.

Mr. CHAMBLISS. Thank you, Mr. Chairman.

Mr. Chairman, today we face a very unique challenge. We will hear testimony about a program that has an outstanding success rate. This program is known as the National Guard Youth ChalleNge Program, and Georgia has had the privilege of being one of several States to work on developing this 3-year pilot youth program.

I am here today to discuss the successes of this program and to voice my support for the witnesses here before us and for the young lives they represent.

Everyone deserves a second chance, and this is particularly true of our youth. The Youth ChalleNge Program gives drug-free kids, ages 16 to 18 and out of school, another opportunity to turn their lives around and be a contributing member of society. This initiative provides academic training, life and work skills, all within a military structure. In its 3 years of existence, the Youth ChalleNge Program has proven its worth.

I administered the Georgia program at Fort Stewart, GA, and have spent time with students and graduates alike. This program works, and I commend the chairman and ranking member for al-

lowing this opportunity to introduce this quality program to the public. Given the opportunity, this structured military setting gives these high school dropouts a chance to earn a General Education Development certificate and learn the skills needed to find and keep a job. In fact, 98.5 percent of the people who complete the 22-week program receive their GED. That commitment to excellence is the reason we must work to ensure the future economic viability of this program.

The challenge is clear: We must find a way for this worthy program to survive. Last year, this committee announced the success of this program, and yet acknowledged the current stresses placed on our budget resources. Consequently, we reauthorized the program for 18 months to provide the transition time necessary for other funding sources to be found. We did not, however, authorize funding out of our military defense budget.

This subcommittee, under the leadership of Chairman Dornan, has proven its commitment to the well-being of this Nation's military, and the 104th Congress has renewed its legislative commitment to the ability of that military to wage winning battles. And while I agree that our active Guard and Reserve military personnel must remain the primary financial priority of this committee I also believe that, if we commit ourselves to finding a solution to the financial dilemma facing the National Guard Youth ChalleNGe Program, we can provide these at-risk kids something they haven't had in a long time: hope.

Today many States, including Georgia, are scrambling to assemble the funds needed to maintain full classrooms. We must search out and find other avenues of possibility, perhaps other Federal agencies with youth opportunity priorities. But I place my greatest faith in the private citizen, small business, and corporate communities.

The United States is the most charitable nation in the world, and this program sells itself to any person who is frustrated with the direction of a growing population of our young people. In the business community, this program offers a ready and available source of drug-free, hard-working, responsible young people who have proven their commitment to an honest, productive lifestyle. Certainly this must have value to businesses all over our Nation.

Today you will hear details, numbers, and status reports on four of our most mature Youth ChalleNGe Programs. The details are important, but I ask that you pay special attention to the young people that will be here to represent their States in the second panel. They are the products and, I can assure you, they are representative of all the members of this outstanding program.

These programs graduate hundreds of quality individuals each year, and they are prepared to meet this challenge into the future. Hear them out and, if you agree that the National Guard Youth ChalleNGe Program provides the opportunity and hope it was meant to provide, then join me, my colleagues on this subcommittee, and the hundreds of hard-working volunteers of this program to set the course for the future.

Mr. Chairman, when I came on this committee last year, I really was not at all familiar with this program. I had never even heard of it. And after the authorizing of our programs for 1996, I had the

opportunity to go to Fort Stewart, GA, where our program is conducted, and to spend the day down there with those students and with the personnel that work with those students. And I can't tell you what an impression it made on me. I happened to be there on a Friday, and after spending all day with them, the director of the program asked me if I would like to speak to the students. And, of course, being the politician that I am, I took the opportunity to do so. And I had a very, very good conversation with them as they were lining up to go home. They allow these kids to go home on certain weekends. And after I spoke to those folks, a lot of the parents who were standing there came up and were just extremely complimentary of the program. But there was one gentleman that I'll never forget.

This man came up to me, and he said, "Congressman, I just want you to know that, were it not for this Youth ChalleNGe Program, my son would be dead." And he explained to me how he had been in gang activity, had been on drugs, had dropped out of school, of course. But he wanted to get himself straight on his own. But he just simply didn't have the wherewithal and the discipline to do that. This man was just a very common man. I remember that he looked like he had just gotten off his job to come over there to pick his son up. And I was just extremely impressed by the comments of that man, and I took it to heart. And I know he was telling me the absolute truth.

I am very pleased today that we have Mr. Bob Hughes, who is acting director of the program, and also Ms. Winsome Williamson, who is a graduate of our program here. Unfortunately, the director, a young man that I have known all of his life, Maj. Frank Williams, an active member of the Guard, could not be with us, and Bob is going to be a very able substitute. Frank is off in a place called Bosnia. But I am just extremely proud of our program, and I am just very pleased that Bob Hughes and Winsome are here today to talk about our program in Georgia.

Thank you.

Mr. DORNAN. Well, that is great. It sounds like the program sells itself when people see it.

Mr. Montgomery, any opening remarks, sir?

STATEMENT OF HON. G.V. (SONNY) MONTGOMERY, A REPRESENTATIVE FROM MISSISSIPPI

Mr. MONTGOMERY. I will be very brief, Mr. Chairman. I can't thank you enough for having this hearing, considering this might be the last week—or next week—and I really do appreciate you, Bob Dornan, for doing that. It is very important to a number of us who have gone out and seen how the ChalleNGe Program works.

I would like to hear from the witnesses, but let me mention that Colonel Crowson is now a professor at one of our colleges there. He accepted this position as director of our Mississippi ChalleNGe Program. He left the school and is now director, and I brought him in the Guard. He was my driver. He wasn't a very good driver in the National Guard. [Laughter.]

He is a much better director than he was a driver, and Richard Daumer will testify. He is now on the faculty, in effect, and is a student director who went through the school itself. And John

Conaway is here today, Mr. Chairman. This program started under John Conaway when he was head of the National Guard.

Thank you very much.

Mr. DORNAN. Thank you for letting some fly boys in on this action. We need some Air Force input.

It is a pleasure to have sitting in with the subcommittee one of the outstanding doctors—medical doctors—in the House of Representatives from the great State of Oklahoma, who also would like to make a statement. He is so proud of this program in his State. Mr. Coburn, Tom Coburn.

STATEMENT OF HON. THOMAS A. COBURN, A REPRESENTATIVE FROM OKLAHOMA

Mr. COBURN. Mr. Chairman, thank you for the courtesy of allowing me to come and participate in your committee hearing. As a physician who cares for all types of people and who has personally delivered over 3,000 children, it is incumbent upon us that we not fail those children. And it is so rare that we get to see a program that truly, truly meets its objectives and does so efficiently and takes back, from the grasp of failure, success for the best asset that America has: our young people.

When I see the benefits to northeastern Oklahoma, not just in terms of the youth that have been challenged and brought forward and have now become successful and have positive self-esteem, but the benefits to the community in having shared in that process and having participated in that process, I have to speak out to make sure that we do not—do not—do anything but preserve and enhance and promote this idea.

Ideas have power. We have lacked a lot of ideas for our children. This is one that is a winner. If, in fact, we fail to do the right thing, we fail to do the right thing for America. This program is an example of our success and our failures at the same time. Where we have failed our children in our parenting, we have come back with what Government can do, a cooperative program between a Government military program and the private sector to recapture those youth.

I just want to encourage everyone that is involved in a decision-making process on this program that if you have not seen and visited personally with the lives, the very real lives of those people who have been affected by this program—that is, the students as well as their parents and the community—before you make a decision about this, you have that obligation to our country.

I thank this committee for having the foresight to place this program in the first place, and, again, I would thank the chairman for the opportunity to come and speak on behalf of this program. Thank you.

Mr. DORNAN. Thank you, Doctor.

Anybody else? No, sir; so let's introduce our panel. Congressman Montgomery has already done that partially by giving us some of the fascinating backgrounds that our witnesses bring to us. And General Conaway, having been a friend of yours for all these years, I am certainly glad you are here to back us up. And if we have any Air Force questions, I speak Air Force. OK.

From Virginia, Maynard K. Bean, Colonel (Retired), Virginia Army National Guard. He is the Director of Commonwealth ChallengeNGe. And Mr. Pickett is very proud of you, sir.

From Mississippi, Col. Bill Crowson, Director, Mississippi National Guard Youth ChallengeNGe and the ChallengeNGe Academy.

From Oklahoma, Lt. Col. Michael D. Bedwell, Director, Youth ChallengeNGe Program.

And from Georgia, Mr. Bob Hughes, Acting Director, Georgia Youth ChallengeNGe Program.

And we are also very glad to include on the first panel M. Sgt. Michael—is that Patrick?

Master Sergeant CLINE. Yes, sir.

Mr. DORNAN. Michael Patrick Cline, executive director, Enlisted Association of the National Guard.

Gentlemen, we have—ah, Mr. Buyer did overcome his scheduling problems today, so what we will do is—and he will be surprised at this—turn the gavel over to him because a member of this National Security Committee has a bill on the floor, H Res. 200, about our men and women in Saudi Arabia. They want me to speak because I am an original cosponsor. I told them I could only give them 10 minutes, and about 6 of that is going to be on the electric train down below. So, hopefully, if they keep their word, I will speak as soon as I get over to the floor, and I will come right back.

I have all your statements in front of me, so I will play catchup when I get back, following along in your statements. And that is House Concurrent Resolution 200 on the floor, and it is something you all will be interested in. And so will these young people, as you bring them up to speed on politics, geopolitics, and the history of our Nation. So I will turn the gavel over to Mr. Buyer of Indiana, and he can use that to make an opening statement. Perfect timing.

Mr. BUYER. Actually, let me open by informing my good friend, Sonny Montgomery, that I have fulfilled my commitment and obligation. I went to Mr. Coburn's district and reviewed one of the ChallengeNGe Programs, and as this hearing goes on, I will get into that in a little bit more—what I discovered. I wanted to publicly acknowledge that commitment to you.

The administration's fiscal year 1996 Department of Defense budget request called for a 20-percent reduction in military technicians, the full-time support personnel that maintain the National Guard and Reserve equipment and facilities that are vital to military readiness. The reason: lack of funds. In that same bill, the administration asked for almost \$60 million for a program called the National Guard Youth Opportunities Pilot Program, or the ChallengeNGe Program.

In response to this disparity, this committee terminated many of the civil military programs in the fiscal year 1996 DOD bill and used funds to restore some of the military technician cuts. One of these programs, the National Guard's ChallengeNGe Program, was allowed to continue for 18 months so that alternative funding alternatives could be explored.

The Congress created ChallengeNGe in 1992 to allow the Guard to conduct a 5-month, in-residence 1-year mentoring program for 16- to 18-year-olds: unemployed, high school dropouts who are drug-free and have no criminal record. The goal of this program is to sig-

nificantly improve the life skills and employment of these youth by allowing them to attain a GED certificate.

It is an admirable goal. I also believe that the program, along with other Department of Defense civil military cooperative programs, was created at a time when Congress believed that the end of the cold war would bring about reduced operational tempo so that the Department of Defense resources could be turned to the secondary mission of helping rebuild America.

Today we know that to be a false assumption. Operational tempo and personnel tempo are at all-time highs. Repeated testimony from DOD officials indicates that the military is struggling to find sufficient resources to meet its requirements and funding requirements. It is very challenging, whether it is the Guard or the Reserve or even active, to come and testify before our committees, whether it be personnel or readiness or acquisition, discussing their shortfalls—not only their shortfalls but also of the—here is what the budget and, oh, by the way, here is how short we are and why we want to bring your operational tempo to be ready at a moment's notice, you are also being asked to perform other duties.

So the question today, as it was a year ago, is whether this is a mission for the National Guard; and if it is, is it a valid mission? And how will or can it be funded in the future? What are some of those alternatives? What are the states looking at?

I was pleased, when I was in Oklahoma; they have come up with different funding alternatives. I was gratified by that. Their formula of 10 percent State, 40 percent State contract, 25 percent grant, 25 percent private sector funding is very admirable, and I also congratulate the leadership of their Congressmen, Dr. Coburn, on that.

I look forward to your testimony, and we can begin with Master Sergeant Cline.

STATEMENT OF M. SGT. MICHAEL P. CLINE, EXECUTIVE DIRECTOR, ENLISTED ASSOCIATION OF THE NATIONAL GUARD

Master Sergeant CLINE. Good morning, Mr. Chairman and distinguished members of the committee. I would like to express my appreciation to Congressman Montgomery and Congressman Pickett for requesting this hearing on the Youth ChalleNGe Program and allowing me the privilege of testifying before the distinguished members of the Military Personnel Subcommittee of the House National Security Committee on the National Guard Youth ChalleNGe Program on behalf of the 75,000-plus members of the Enlisted Association of the National Guard of the United States.

In fiscal year 1993, the Congress of the United States established the National Guard Youth ChalleNGe Program. It is a 22-week, residential, quasi-military program for youth, ages 16–18, at high risk who are unemployed high school dropouts. The youth are required to be drug-free and not involved with the legal system at the time of entrance into the program.

Mr. BUYER. Sir, would you pull that microphone? Put it right underneath you, please. Thank you.

Master Sergeant CLINE. The fact is the National Guard has proven itself invaluable and highly suitable to its role in the Youth ChalleNGe Program. The National Guard's secondary mission is to

provide support to Governors and citizens of the United States through community assistance programs during times of disasters and civil disturbance. The Guard has consistently proven its worthiness in assisting salvage efforts in hurricanes, earthquakes, and most recently the blizzard of 1996 and the Oklahoma disaster. But that is not all. Simultaneously, at any given time, other National Guard personnel are providing operations support for the war on drugs and many real-world missions such as Bosnia and Saudi Arabia.

The main objective of the legislation was to determine whether a program could significantly improve at-risk youths' chances of becoming productive members of society. It has also addressed the feasibility of utilizing the National Guard for such a program and the economic impact involved. States were allowed to participate based on their interest and ability to sponsor the program at National Guard facilities.

Currently, there are 15 States that host a ChalleNGe Program, and there are 23 additional States and territories that have requested permission to host the Youth ChalleNGe Program, including the great State of Indiana.

Of the States currently participating, EANGUS believes that the statistics will support the fact that the ChalleNGe Program has been proven to be highly effective and cost-efficient in attaining its goals. For example, the typical ChalleNGe graduate achieves a 1.4 grade increase in reading and a 1.2 grade increase in math. They also performed, on average, 60 hours of community service in areas that were targeted as in need.

In addition, of the 7,967 participants, 73.5 percent, or 5,856, obtained their GED's. This is 10.5 percent higher than the national average for high school students.

Most importantly, no graduate of the program has been reported as being in trouble with the law. This is significant in that it costs approximately \$12,000 to \$14,000 per participant in the Youth ChalleNGe Program, which is about 65 percent of the cost of incarceration and about half the cost of comparable programs. In fact, it would be safe to say that the ChalleNGe Program exceeds the congressionally established objectives of cost-effectively dealing with high-risk youths.

During a time when the dropout rates are rising in the United States, more and more youths are finding themselves without the basic skills and educational training requisites to become contributing members of society. When faced with their diminished prospects, most turn to illegal activities, crime, or drug abuse. The ChalleNGe Program provides at-risk individuals the opportunity to obtain the tools and strategies needed for becoming productive members of society.

Mr. Chairman, the phenomenon of problem youth is no stranger to our society. As a youth—more years ago than I like to admit—I can recall hanging on street corners, turf preservation, and fights with baseball bats and chains. Today we still have the gangs, but instead of baseball bats and chains, it's guns and knives. So what's the difference? Well, years ago, we had enough law enforcement officers to handle the workload. We had teachers that could enforce discipline in the schools without fear of reprisal or lawsuits. And

we had the draft where most people were treated equally and you learned discipline, leadership, and a skill. Last, but not least, is the breakdown of family values.

Today these things are lacking. The Youth ChalleNGe Program gives these youths at risk the opportunity that was mandated back to us in the 1960's. In my opinion, the military affords one the opportunity to straighten one's life out and become an asset rather than a liability to society. I know this firsthand, Mr. Chairman, because had it not been for the military and the National Guard, I for one would have been passed at the risk margin. Let's give these young people a chance.

EANGUS cannot stress enough the importance of continuing this program and, in particular, the National Guard's role in administering it. Not only have we proven to be the most cost-effective means for administering the program because we are set up to handle it, but the National Guard is the best trained to implement the program because of its many connections and involvement with the communities that have been established for years.

The National Guard has more than 3,000 facilities in every congressional district. We bring success to this program for the same reasons we bring success to the battlefield. We are Americans at their best, American citizen soldiers.

The rationale for eliminating the Youth ChalleNGe Program on the basis that funds are being earmarked for a nondefense program is viewed also as a rationale for eliminating congressional legislation authorizing National Guard involvement in the program. EANGUS views this as two separate issues. Funding for the ChalleNGe Program, in our opinion, should not necessarily be through DOD. There are other avenues in which to pursue funding that is more appropriate—the Department of Education, Department of Justice, State grants, et cetera. The crucial question, and separate from the funding question, is whether the Youth ChalleNGe Program should be administered by the National Guard and continue to have congressional support. EANGUS strongly believes that the National Guard has, once again, proven itself in this area. The choice seems clear. Either we as taxpayers invest a small amount today in our future, or we will pay a much higher price through incarceration and society as a whole.

The Enlisted Association of the National Guard of the United States is grateful to the chairman and the distinguished members of the subcommittee for allowing us to share our views on these vital issues. I would like to encourage you on behalf of our enlisted members to pursue these suggestions as they play a significant role in the ability of the National Guard to recruit, train, and retain quality, professional personnel and, therefore, will directly impact our ability to live up to our commitment as a vital part of the total force. EANGUS offers its services to you in any way you may deem appropriate to assist the subcommittee and staff in prioritizing and achieving the preceding recommendations.

Mr. Chairman, let's give our youth the chance they deserve. Thank you.

[The prepared statement of Master Sergeant Cline follows:]

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**STATEMENT OF
MICHAEL P. CLINE
MASTER SERGEANT (RET)
EXECUTIVE DIRECTOR**

**BEFORE THE
MILITARY PERSONNEL SUBCOMMITTEE
OF THE
HOUSE NATIONAL SECURITY COMMITTEE**

September 24, 1996

Mr. Chairman and distinguished members of the committee:

I would like to express my appreciation to the Chairman and distinguished members of the Military Personnel Subcommittee of the House National Security Committee for giving me the privilege of submitting testimony on the National Guard Youth ChalleNGe Program on behalf of the members of the Enlisted Association of the National Guard of the United States (EANGUS).

EANGUS represents approximately 75,000 Enlisted members of the National Guard. The views expressed in this statement reflect the consensus of our membership as outlined and put forth by our annual resolutions process. Many of these members are directly involved in the support of the Youth ChalleNGe Program.



In fiscal year 1993, the Congress of the United States established the National Guard Youth ChalleNGe Program. It is a 22-week, residential, quasi-military program for youth, aged 16-18 at high risk who are unemployed high school dropouts. The youths are required to be drug-free and not involved with the legal system at the time of entrance into the program.

The purpose of this program is "... to improve the life skills and employment potential of civilian youth who cease to attend secondary school before graduation through military-based training, including supervised work experience in community service and conservation projects, provided by the National Guard." It is based on eight core components that cultivate the development of the whole person - the mind, body and personal and community values. The emphasis is stressed on self-discipline, self-esteem, education and the development of constructive/meaningful values. The eight core components are: leadership/fellowship, community service, job skills, academic excellence, responsible citizenship, life-coping skills, health/sex education/nutrition and physical education.

The National Guard Youth ChalleNGe Program is once again being scrutinized and targeted for possible elimination by those who are skeptical about the Guard's capabilities and/or those who

believe National Guard participation in the program detracts from its combat readiness role. In addition, there are others who believe that funding for this program through DoD is inappropriate as it is not directly germane to combat readiness, especially in view of the fact that funding for the defense budget has been substantially reduced over the past few years due to the post Cold War draw down.

The fact is, the National Guard *has* proven itself invaluable and highly suitable to its role in the Youth ChalleNGe Program. The National Guard's secondary mission is to provide support to Governors and citizens of the United States through community assistance programs, during times of disasters and civil disturbances. The Guard has consistently proven its worthiness in assisting salvage efforts in Hurricanes Jerry and Erin, earthquakes in California, and more recently in the Blizzard of 1996 and the Oklahoma disaster. But that is not all! Simultaneously, at any given time, other National Guard personnel are providing operations support for the war on drugs.

During this period of unknown threats and conflicts, the National Guard remains a very cost-effective means of achieving the objectives of American foreign *and* domestic policy. The Guard is part-time in nature and therefore can provide maximum defense capability at minimum cost to our nation.

As the debate over competing priorities for national defense and domestic programs continues, pressure is being applied to reduce the programs and funding for vital domestic programs that appear to compete with national defense programs and funding. The National Guard, however, cannot bow to the pressure to relinquish its dual mission; that is both domestic and federal. EANGUS believes that the National Guard Youth ChalleNGe Program is an integral part of its domestic non-combat mission and must be made permanent.



The Youth ChalleNGe Program was congressionally authorized and appropriated in 1993 under Section 1091(a) of the Defense Authorization Act. The main objective of the legislation was to determine whether the program could significantly improve at-risk youths' chances of becoming productive members of society. It also addressed the feasibility of utilizing the National Guard for

such a program and the economic impact involved. States were allowed to participate based on their interest and ability to sponsor the program at a National Guard facility.

Currently, there are fifteen states that host a ChalleNGe Program: AK, AR, GA, HI, IL, LA, MD, MS, NJ, NY, NC, OK, VA and WV. There are 23 additional states/territories that have requested permission to host the Youth Program, they include: CO, MO, SC, CA, VT, WI, MI, NE, PR, FL, TX, OR, MA, PA, SD, KS, MT, IN, WA, NM, AL, DC, AND KY. Of the states currently participating in the ChalleNGe their enrollment figures are:

<u>STATE</u>	<u># of Enrollees</u>
Alaska	160
Arizona	224
Arkansas	200
Georgia	360
Hawaii	200
Illinois	730
Louisiana	320
Maryland	200
Mississippi	200
New Jersey	200
New York	200
North Carolina	200
Oklahoma	200
Virginia	200
West Virginia	160

EANGUS believes that statistics will support the fact that the ChalleNGe Program has been proven to be highly effective and cost efficient in attaining its goals. For example, the typical ChalleNGe graduate achieved a 1.4 grade increase in reading and a 1.2 grade increase in math. They also performed, on average, 60 hours of community service in areas that were targeted as in need.

In addition, of the 7,967 participants, 73.5%, or 5,856, obtained their GEDs. This is 10.5% higher than the national average for high school students. Of the 5,000 most recent graduates:

- ♣ 43.3% are employed.
- ♣ 22.4% attend college.
- ♣ 13.8% attend vocational centers/schools.
- ♣ 11.9% returned to high school.
- ♣ 8.6% entered military service.

More importantly, no graduate of the program has been reported as being in trouble with the law. This is significant in that it costs approximately \$14,000 per participant in the Youth ChalleNGe Program, which is about 65% of the cost of incarceration and about half the cost of a comparable program. In fact, it would be safe to say that the ChalleNGe Program exceeds the congressionally established objectives of cost-effectively dealing with high-risk youths.

The Youth Conservation Corps is a six to eight-week residential version of the Youth ChalleNGe Program. It is presently conducted at National Guard facilities in four states/territories (CO, OR, PR and WI). The goals of this program are to markedly improve the life skills and employment potential of youth who cease to attend secondary school before graduating. Participants must be 6 to 18 years old; a high school dropout at least one month prior to application; a citizen or legal resident of the U.S. and resident of the state where the program is operated; unemployed; drug-free; not on parole or probation, not indicted or charged, and free of felony convictions or capital offenses; and physically and mentally capable of completing the program, with reasonable accommodation for physical or other handicaps.

Of the 559 graduates of the Youth Conservation Corps, 220 obtained their GED with the remaining 315 graduates earning credits towards their high school diploma or for re-entry into high school. Presently, the enrollment for the Youth Conservation Corps in the participating states/territories is:

<u>STATE</u>	<u># of Enrollees</u>
Colorado	120
Oregon	150
Puerto Rico	120
Wisconsin	120



During a time when the dropout rates are rising exponentially in the United States, more and more youths are finding themselves without the basic skills and educational training requisite to becoming contributing members of society. When faced with their diminished prospects, most turn to illegal activities/crime and/or drug abuse. The ChalleNGe Program provides at-risk individuals the opportunity to obtain the tools and strategies needed for becoming productive members of society.

EANGUS cannot stress enough the importance of continuing this program and in particular the National Guard's role in administering it. Not only have we proven to be the most cost-effective means for administering the program because we are set up to handle it, but the National Guard is the best trained to implement the program because of its many connections and involvement with the communities that have been established for years.

The rationale for eliminating the Youth ChalleNGe Program on the basis that funds are being earmarked for a non-defense program is viewed also as a rationale for eliminating congressional legislation authorizing National Guard involvement in the program. EANGUS views this as two separate issues. Funding for the ChalleNGe Program, in our opinion, should not necessarily be through DoD; there are other avenues in which to pursue funding that is more appropriate, i.e. the Department of Education, state grants, etc. The crucial question, and separate from the funding question, is whether the Youth ChalleNGe Program should be administered by the National Guard and continue to have congressional support. EANGUS strongly believes that the National Guard has, once again, proven itself in this area. The choice seems clear; either we, as tax payers, invest a small amount today in our future, or we will pay a much higher price through incarceration and society as a whole.



The Enlisted Association of the National Guard of the United States is grateful to the Chairman and distinguished members of the Subcommittee for allowing us to share our views on these vital issues. I would like to encourage you on behalf of our Enlisted members to pursue these suggestions as they play a significant role in the ability of the National Guard to recruit, train and retain quality, professional personnel and therefore will directly impact our ability to live up to our commitment as a vital part of the Total Force. EANGUS offers its services to you in any way you may deem appropriate to assist the Subcommittee and staff in prioritizing and achieving the preceding recommendations. Let's give our youth the chance they deserve.

Mr. BUYER. Thank you. Master Sergeant Cline, rather than putting you under the 5-minute rule, I gave you the opportunity to show you that even though we may disagree on particular issues, I wanted to be more than fair to you.

Master Sergeant CLINE. Thank you, Mr. Chairman.

Mr. BUYER. Even though we have butted heads in the past, I think that because I disagree with part of the funding mechanism of the program, you then believe that I have other problems with the Guard. And I think that is a wrong assumption. But I wanted to be more than fair to you here today.

I am going to do the 5-minute rule, and if any of you have statements, please, they will be entered into the record. And, please, if you would, summarize your testimony.

Mr. Hughes, you are now recognized for 5 minutes.

STATEMENT OF ROBERT G. HUGHES, ACTING DIRECTOR, GEORGIA YOUTH CHALLENGE PROGRAM

Mr. HUGHES. Mr. Chairman and members of the subcommittee, I am Bob Hughes, acting director of the Georgia National Guard Youth Challenge Program, and on behalf of Maj. Gen. William Bland, the adjutant general of the State of Georgia, it is my privilege to represent that program here. Our director, as Mr. Chambliss has already said, Lt. Col. Francis B. Williams III would be here himself were he not in Bosnia with his Guard unit there.

My purpose is to give you some insight into how this program functions in Georgia, and many of these things are common across the country. But I want to tell you about four or five things that may represent our section of the country that may not be exactly that way in Oklahoma or Virginia or Mississippi. But many of the things are in common.

In Georgia, we have a very interesting way of administering the GED that encourages our young people not only to take it but to do very well at it. We can give the GED in Georgia one section of the test at a time. As a result, if a person comes in there strong in math, we let him take the math test very quickly, get that out of the way, and go on to the areas where he is weak and needs boosting. As a result, we have in Georgia a 98.5 percent success rate in attaining the GED.

Now, I have taught public school for 10 years. I have been a professor of adult education at Georgia Southern University for over 15 years. I have taught the GED program in county jails and in adult literacy centers. And I know of no program or no institution anywhere that can boast of that kind of record with a GED. Only Youth Challenge and a program structured very similar to Youth Challenge, whether it is in Virginia, Oklahoma, Mississippi, or Georgia, can deliver those kinds of goods—98.5 percent success rate for the young people who come and stay the entire course of the 22 weeks.

These at-risk youth, for whatever reason, typically come to us lacking structure and discipline, and because the Guard administers this program, they get it here.

Second, the Georgia program is able to award successful students a high school diploma in addition to the GED. This is due to a cooperative agreement with the Savannah-Chatham County School

System and the Richard Arnold Adult High School in Savannah. So our students finish not only with a GED, but with an adult high school diploma as well, which means they can enroll in the military without having to meet the 5 percent GED rule for the services.

Third, there are the transition services Youth ChalleNGe provides these at-risk students that they would not receive otherwise. Students are afforded a full range of counseling services while enrolled, and they have all sorts of transition services to assist them with planning for life after graduation. Students take the ASVAB test for future military enlistment. They take the SAT to prepare for college. They take the ASSET test for vocational-technical training. Students leave this program with a life plan already written out. In addition, they have a prepared resume in hand the day they leave. Typically, some of our students graduate on a Saturday, interview on Monday, and go to work on Tuesday morning. That is not an exception. That is a regular thing that happens with our young people who go through Youth ChalleNGe.

Fourth, Youth ChalleNGe offers a superb opportunity for on-the-job training and career exploration. We have cooperative agreements with many State and Federal agencies to expose students to a multitude of possibilities. We work closely with the Red Cross, DFACS, the Forestry Service, Department of Natural Resources, the LeConte-Woodmanston Foundation, Seabrook Village Project, a shelter for domestic abuse, a shelter for runaway children, local fire departments, police departments, the Adopt-A-Highway program. You name it, we are into it in the Georgia Youth ChalleNGe Program, exposing our young people to all of these.

Then, fifth, graduates of Youth ChalleNGe have established an enviable record of achievement. If you counted the fact that we start with 100 percent high school leavers—100 percent high school leavers—that record is even more astonishing. Out of the 880 Georgia graduates who have left our program so far, 880 have graduated, 142 right now are in the military, 86 are enrolled in college, 113 are enrolled in vocational-technical education, and 487 are working primarily in full-time, skilled labor positions, with some few paraprofessionals.

What is truly instructive about this program in Georgia is that less than 1 percent of our young people get into any further trouble with the law. The recidivism rate, starting with 100 percent drop-outs, should be higher than that statistically, but it isn't.

Last, the experiences which Youth ChalleNGe students have boost self-esteem and build confidence. They begin to believe in themselves and the future of this Nation. They see a part of the great American dream. They are exposed to it. And they take advantage of it. We expose them to a week of camping out in the wilderness, canoe trips, participation in rappelling, low and high ropes courses, project adventure—you name it. Our young people even have an opportunity to learn to donate blood to the Blood Mobile visit, and they do that. So as you can readily see, the Youth ChalleNGe Program in Georgia offers the youth of our State this opportunity to succeed, and it is an opportunity being provided in a unique way.

Thank you, sir.

[The prepared statement of Mr. Hughes follows:]

ROBERT G. HUGHES, ACTING DIRECTOR
GEORGIA NATIONAL GUARD YOUTH CHALLENGE PROGRAM

TESTIMONY BEFORE THE HOUSE NATIONAL SECURITY COMMITTEE
Tuesday, September 24, 1997, 3:00 pm

Ladies and Gentlemen:

I am Robert G. Hughes, Acting Director of the Georgia National Guard Youth Challenge Program, and on behalf of MG William P. Bland, Jr., the Adjutant General of the State of Georgia, it is my privilege to represent that program here. Our Director, LTC Francis B. Williams, III would be here himself were he not presently in Bosnia commanding his Guard unit at that location.

My purpose here is to provide information to this committee about the particular successes of the Georgia Youth Challenge Program with the at-risk youth of our state.

First, there is the unparalleled success rate of earning the General Educational Development (GED) Diploma. As of today, young people who come and stay the entire twenty-two week length of the program, have a 98.5% success rate in achieving the GED. This rate is unparalleled anywhere in the country, and I believe only a program structured like Youth Challenge could attain such. Having worked as a public school teacher for over ten years, and having been a professor of adult education at Georgia Southern University for over fifteen years, and having attended literally hundreds of professional adult education meetings and forums through the years, I know of no other program or institution outside of Youth Challenge which can even begin to approach such a success rate. A large part of this success is no doubt due to the discipline and structure which the military framework of this

Guard-sponsored program provides. At-risk youth, for whatever reason, typically lack this structure and discipline. Youth Challenge provides it: consistently, firmly, fairly.

Secondly, the Georgia program is able to award successful students a high school diploma in addition to the GED. This is due to a cooperative agreement with the Savannah-Chatham County School System and the Richard Arnold Adult High School in Savannah. Students in Youth Challenge who stay the course automatically complete all the requirements for this diploma while enrolled, as these requirements are built into the program itself. So they receive the GED and a high school diploma.

Thirdly, there are the transition services Youth Challenge provides which these at-risk students would not receive otherwise. Students are afforded a full range of counseling services while enrolled. In addition to meeting their needs while in the residential phase, a portion of these services assists them with planning for life after graduation. Students may take the ASVAB test for future military enlistment, or take the SAT to prepare for college, or take the ASSET test for vocational-technical training. Students leave the program with a so-called "Life Plan" written out, and in addition, have a prepared resume in hand when they leave. Participants who finish the GED early can enroll in postsecondary study while still in the program through Savannah Technical Institute. Many leave the program not only with their diplomas, but with postsecondary credit already recorded on an official transcript. Their access to further

education is thus guaranteed and actual linkage to the system begun. Every student is also provided an adult mentor in his or her home community for twelve months after they leave the program. By working closely with each individual student, the mentor tries to assure that the good work begun during the residential phase is continued in the post residential period.

Fourthly, Youth Challenge offers a superb opportunity for on-the-job training and career exploration. We have cooperative agreements with many state and federal agencies to expose students to a multitude of possibilities. We work closely with the Red Cross, DFACS, the Forestry Service, the Dept. of Natural Resources, the LeConte-Woodmanston Foundation, Seabrook Village Project, a shelter for domestic abuse, local fire departments, local police departments, the Adopt-A-Highway program, etc. All of these agencies, and others, assist our youth by providing services including career exploration and on-the-job training.

Fifthly, graduates of Youth Challenge have established an enviable record of achievement. Remembering that we start with 100% high school leavers, who do not have their diplomas when they enroll in Youth Challenge, the following statistics are phenomenal. Out of the 880 Georgia graduates so far:

- *115+ are in the military
- * 70+ are enrolled in college
- * 92+ are enrolled in vo-tech education
- *396+ are working, primarily in full-time, skilled labor positions, but some paraprofessionals

What is truly instructive about this program is that less than 5% of its graduates have been found entangled with the legal system,

into drug addiction, imprisoned, etc. Again, remember the population we began with: 100% high school leavers. Without Youth Challenge, they would still be high school dropouts without these doors to the future.

Lastly, the experiences which Youth Challenge students have boost self-esteem and build confidence. Students begin to believe in themselves and the future of our nation. They are exposed to overnight "survival" training, a week of camping out in a wilderness setting, canoe trips, visits to ecologically sensitive areas like the Okefenokee Swamp, participation in rapelling, low and high ropes courses such as Project Adventure, community service projects such as supporting a Red Cross Blood Mobile visit (many students actually donate blood in addition to helping run the blood mobile visit), assisting with maintenance of a local shelter for abused children and battered spouses, and helping with other projects similar to Habitat for Humanity.

As can be readily seen, the Youth Challenge Program offers the youth of our state "another opportunity to succeed." This is an opportunity which is being provided in such a unique way that no other organization or agency can readily duplicate it. Now that the efficacy of the program is established beyond doubt, and its methods proven by a very positive track record, the Guard is in a primary position to continue this most successful of all such programs. This program challenges our youth, without question. Our challenge is find funding to keep it doing just that.

Thank you.

Mr. BUYER. Thank you, Mr. Hughes.

Lieutenant Colonel Bedwell, you are recognized for 5 minutes.

**STATEMENT OF LT. COL. MICHAEL D. BEDWELL, DIRECTOR,
YOUTH CHALLENGE PROGRAM, OKLAHOMA**

Lieutenant Colonel BEDWELL. Mr. Chairman, I would like to first thank the committee for the opportunity to speak concerning the at-risk youth in the State of Oklahoma.

In September 1993, we in Oklahoma considered the following question that was being asked by some farsighted people in this city: Can the employment potential of youths who drop out of secondary school be significantly improved through military-based training, and would it be feasible and cost-effective for this type of program to be operated by the National Guard? I believe in the last 3 years of the pilot program that we can say that there is a resounding "yes" answer to that question.

When beginning this new intervention approach, I will admit that many of us had doubts as to our ability to impact the troubled young men and women in this program, and even the appropriateness of the military establishment addressing this social problem. However, it took very little time to see the dramatic impact that we were having on these youth. We very quickly learned that, unlike law enforcement and other State agencies and Federal agencies, there was no predetermined prejudice for soldiers in uniform. At the very least, we received neutral respect from these individuals. In essence, we succeeded in gaining their attention where others had not.

Like all ChalleNge Programs, we have combined the best of alternative education in our State and credible counseling methodology with the unique character-building aspects of the U.S. military into one effective program. This hybrid educational model is speaking for itself and for less than \$12,000 per student, which by present-day standards is a bargain, considering the alternatives.

All of our graduates leave with a written post-residential plan for their immediate, short- and mid-term futures. Our cadets have performed over 20,000 hours of community service for the State of Oklahoma and their communities. We have successfully helped 157 troubled youth deal with particularly serious drug and alcohol problems. We have created 127 college freshmen out of the ashes of high school dropouts while still in the residential phase. And many other encouraging outcomes have resulted.

The results of this remarkable soldier-civilian team effort, operating what some have referred to as the "Special Forces of Education," is well documented in the reports to the committee. What cannot be measured is the excitement and the hope that this new program is fostering in our State.

I would like to read one of the many letters we get from our graduates. This young man graduated from our second class in 1994, and he is presently stationed in Bosnia, along with Frank, as a corporal in our Armed Forces.

It reads:

Lieutenant Colonel Bedwell: Hello, sir. I thought I'd write you to see how things are going I'm doing OK. I'm just hot and working the usual 10-15 hour shift. Bosnia

isn't too bad now. When I first got here, this place was in bad shape. However, there's still some fighting going on.

So, how are things going at the Academy? I've got a question, sir. How would I go about applying for a job at the Academy? As you can tell, everybody did a great job with me there, and I'm wanting to come back and give something back. Well, sir, I hate to cut this short, but I've got to get to work. I'll send some pictures in my next letter.

Sincerely, Corporal Stan Dodson.

P.S. Tell everyone I said hello.

Mr. Chairman, as this letter demonstrates, we have answered the initial question about this program, clearly. We are now asking new questions like, How can we make this intervention model an effective and long-term tool for our State's education and social service systems? Furthermore, how will we resource this program in years to come?

In Oklahoma, we are now receiving partial temporary funding from a very supportive and forward-looking legislature. We have initiated an enhanced nonresidential program for fiscal year 1996. Our vision is to create important and lasting community, industry, and State agency partnerships intended to eventually transfer the financial burden of this program to those who directly benefit from the improved marketability of these revitalized youth. We are doing the best we can to cement these new relationships so this critical effort will not end in August 1997. These young people need us too much for that to occur.

Mr. Chairman, I am a combat veteran of 28 years of proud service to my country. But I have never been more proud of that service than I am performing this mission in Oklahoma. I can think of no better way than for me and other citizen soldiers in this program to serve our country than to pass on our deep love for this country and what it stands for to these deserving and urgently at-risk young men and women.

We hope you agree and will help us find a long-term solution. Thank you.

Mr. BUYER. Thank you, sir.

Colonel Crowson, you are recognized for 5 minutes.

STATEMENT OF COL. WILLIAM L. CROWSON, DIRECTOR, MISSISSIPPI NATIONAL GUARD YOUTH CHALLENGE PROGRAM AND THE CHALLENGE ACADEMY

Colonel CROWSON. Thank you, Mr. Chairman, for allowing me the opportunity to speak before you today. Today I am focusing on Mississippi, but please understand the success in Mississippi bears little differences from any other State.

Over 40 percent of the residents—

Mr. BUYER. We are well aware of that.

Colonel CROWSON. Right. Over 40 percent of the residents of the State of Mississippi who are 25 years of age or older did not graduate from high school. Over 11,500 students drop out of school each year in the State of Mississippi; 87 percent of those individuals who are non-high school graduates may find themselves incarcerated within our State. And 85 percent of those who are incarcerated also have alcohol and substance abuse problems. We know that within 9 months after an individual drops out of school, more than 50 percent will be in trouble with the legal system. The lack

of adequate educational preparation for many Mississippi residents has brought unnecessary economic hardship due to many individuals failing to be competitive by meeting minimum educational standards, by failing to be a high school graduate or by not having their high school equivalency.

The Mississippi National Guard Youth ChalleNGe Program's mission is to train, mentor, and develop selected applicants into contributing members of their communities by providing life application skills through a variety of activities based on eight core objectives. In implementing the program, the Mississippi National Guard adopted features that characterize successful intervention programs, that is, a residential setting, strict discipline, structured long-term followup, and diverse participants.

ChalleNGe is for young men and women who have dropped out of the traditional school setting and wish to make major changes in their lives and are willing to take the responsibility for making them happen. The objective of ChalleNGe is to provide these young dropouts with the values, skills, education, and self-discipline needed to succeed as adults.

Our program is called ChalleNGe for good reason. ChalleNGe consists of an intervention-type, 5-month residential phase conducted in a military setting at the Mississippi National Guard Training Center at Camp Shelby. ChalleNGe is not a boot camp-type program. Boot camps are usually punitive in nature. Our students are not being punished. ChalleNGe is a prevention, intervention program. It is not an easy program, and it is not for all students.

The Mississippi ChalleNGe Academy graduates two classes each year, beginning in January and July. The annual targeted graduation number is 400 graduates. The residential phase is a 22-week military-based training and educational program that focuses on the development of the whole person. The National Guard Bureau developed and is using an intervention model with eight core components: leadership and fellowship, community service, job skills, life coping skills, educational excellence, responsible citizenship, health, sex education and nutrition, and physical fitness.

During the residential phase, all program participants live in military facilities at Camp Shelby in southern Mississippi. At the end of the residential phase, a full graduate ceremony is held for all successful graduates. We had an 84 percent retention rate in our last class, and all of the individuals graduated, with 81 percent of these receiving their high school equivalencies.

The Mississippi National Guard Youth ChalleNGe Program creates an environment for young men and women to take control of their lives and to accept the responsibility for the past, the present, and the future, and their behavior. In our 5-month residential phase, we witness a miraculous metamorphosis. We can all see the differences made from day 1 to month 5. Our students develop pride, self-respect, self-discipline, ethics, values, and educational skills. In every graduating class, our students have been awarded numerous scholarships by State and private colleges, as well as by State industry. Many have been college-bound, using grants and parental assistance, and some have entered civilian and military employment.

Objective assessment techniques are utilized during each residential phase to determine the student's success within the program as measured by behavioral and academic changes. The success after graduation is measured by the number who are continuing their education, who are employed and remaining employed, who have joined the military, who have remained in good standing with the legal system, and who are otherwise leading productive and contributing lives. More than 60 percent of our students have made professions of their religious faith during each class.

Since the beginning, the Mississippi ChalleNGe Program has received both Federal and State funds. For Mississippi, this has allowed us to be able to double the target graduation number. Over the past 3 funding years, Mississippi has contributed an average of 51 percent of the total contributions. Mississippi has strong legislative and public support. If Federal funds are terminated, there is the possibility that Mississippi will continue the support of the ChalleNGe Program, but a reduction in the number of students could be anticipated.

I would like to read a letter also, sir, that I received from one of the students. And, by the way, I had a student name his son after me. His son is named "Colonel." [Laughter.]

I graduated, like you said that I could. Personally, I didn't think that I would ever graduate from anything. Thank you for not giving up on me. Everybody else did, even my family. I now have hope. I got a job, and I like it very much. I got to move out, though, away from my family. I'm happy and feel better than I ever have. Thank you. I will come to see you when I'm in your area, as you were like the Dad that I never had.

As a professional, in conclusion, I know of no other program for school dropouts that has been as successful as ChalleNGe and no other program which is as cost-effective. Prevention and/or intervention is always a better investment for a youth than is rehabilitation or other costs associated with the consumption of our Nation's resources as opposed to contributions toward our Nation's future. Our graduates are taxpayers and will in a short time more than pay in taxes what it costs to send them through the ChalleNGe Program.

Thank you, sir.

[The prepared statement of Colonel Crowson follows:]



STATE OF MISSISSIPPI
MISSISSIPPI NATIONAL GUARD

YOUTH CHALLENGE PROGRAM
BUILDING 60
CAMP SHELBY, MISSISSIPPI 39407-5500



Testimony of Colonel (Dr.) William L. Crowson,
Director of the MS National Guard Youth Challenge Program
and The Challenge Academy,
Camp Shelby, MS
before the Military Personnel Subcommittee of the
House Committee on National Security
U. S. House of Representatives
Rayburn House Office Building
Washington, DC

September 24, 1996

BACKGROUND

In 1990, approximately 1,512 students were dropping out of school each day in the United States. In 1993, there were approximately 3.4 million people in the United States, ages 16-24, who were high school dropouts. Underskilled and undereducated, they are adrift in a high-tech society that requires ever-increasing literacy, more education, and technical skills for even minimum wage jobs. Many become dependent upon social services; some become involved with the juvenile justice system.

Large segments of Mississippi youth do not complete high school. In 1994, over eleven thousand five hundred youth dropped out of the public school system in Mississippi. The year before the number was over eleven thousand and two hundred, and for the prior three years, over ten thousand Mississippi youth exited the state's educational system each year. Therefore, the numbers are increasing. Further, over forty percent of the residents in the State of Mississippi who are twenty-five years of age or older did not graduate from high school. Eighty-seven (87) percent of the individuals who are incarcerated in Mississippi did not graduate from high school, and 85 percent have alcohol and substance abuse problems. The lack of adequate educational preparation for many of Mississippi's residents has brought unnecessary economic hardship due to many individuals failing to be competitive by meeting minimum educational standards, by failing to be a high school graduate, or by not having a high school equivalency diploma.

Confronting this issue, Congress, in the 1993 Defense Authorization Act, provided funding for the National Guard Bureau to conduct a pilot program for the purpose of determining whether the life skills and employment potential of youths who dropout of secondary school can be significantly improved through military-based

training, including supervised work experience in community service and conservation projects. Formally called the National Guard Civilian Youth Opportunities Program and more simply known as Challenge, this program was implemented in 15 states by the end of calendar year 1994.

PURPOSE

The purpose of the Mississippi National Guard "Youth Challenge Program" is to take young people ages 16 to 18-years who have left high school without a diploma and to challenge them through a structured academic and physical environment to earn a General Educational Development certificate (GED) and become responsible, productive members of society.

MISSION

The Mississippi National Guard Youth Challenge Program's mission is to train, mentor, and develop selected applicants into contributing members of their communities by providing life application skills through a variety of activities based on eight core objectives. The annual target is 400 graduates per year.

ORGANIZATION

In implementing the program, the Mississippi National Guard adopted features that characterize successful intervention programs: a residential model, strict discipline, structured long-term follow-up, and diverse participants.

Challenge is for young men and women who have dropped out of the traditional school setting and wish to make major changes in their lives and are willing to take responsibility for making them happen. The objective of Challenge is to provide young men and women who are at risk people with the values, skills, education and self-discipline to succeed as adults. Our program is called "Challenge" for a good reason. Challenge consists of an intervention-type five month residential phase conducted in a military setting at the Mississippi National Guard Training Center, Camp Shelby, MS. This is not a "boot-camp" type program, however; it's not easy, and all applicants must meet published Challenge entrance requirements. The Challenge Academy graduates two classes each year (beginning in January and July).

Residential Phase

The Residential Phase is a 22-week military-based training and education program that focuses on the development of the whole person. The National Guard Bureau developed and is using an intervention model

with eight core components - leadership and followership; community service; job skills, life coping skills; educational excellence; responsible citizenship; health, sex education and nutrition; and physical fitness - as the fundamental guide for program implementation. During this phase, all program participants live in military facilities at Camp Shelby in South Mississippi.

Post Residential Phase

The Post Residential Phase is the one year period following graduation from the Residential phase. The Post Residential Plan calls for the assignment of a mentor to provide advice and assistance, regular monitoring of the graduate's status, progress in obtaining employment and/or pursuing further education, and providing support within the means of the program.

After graduating from the Challenge Academy and successfully completing the high school equivalency exam, all students are assisted in finding employment, joining the military, or continuing their education in a vocational-technical, or academic program. All graduates receive a stipend of \$2,200 which may be used toward continuing their education or towards relocating for a job.

PROGRAM'S SUCCESS

The Mississippi National Guard Youth Challenge Program creates an environment for young men and young ladies to take control of their lives and to accept the responsibility for their past, present, and future behavior. In our 5 month phase, we witness a miraculous metamorphosis. Whether it be the average kid from down the street or an "at-risk" youth, all can see the difference from day one to month five. Our students develop pride, self-respect, discipline, direction, ethics, values and educational skills. In every graduating class, our students have been awarded numerous scholarships by state and private colleges as well as state industries. Many others were college bound using grant or parental assistance, and some entered civilian and military employment.

Objective assessment techniques are utilized during each residential phase to determine the student's success within the program as measured by behavioral and academic changes. The success after graduation is measured by the number who are continuing their education, who are employed and are remaining employed, who have joined the military, who have remained in good standing with the legal system, and who are otherwise leading productive and contributing lives.

FUNDING

Mississippi has received both federal and state funding. For

Mississippi this has allowed us to be able to double the target graduation number.

FUTURE OF PROGRAM

Mississippi has strong state legislative and public support. If federal funds are terminated there is a possibility that Mississippi will continue to support the Challenge Program but a reduction in the number of students served could be anticipated.

CONCLUSION

As a professional, I know of no other program for school dropouts that has been as successful as Challenge, and no other program which is as cost effective. Prevention and/or intervention is always a better investment for our youth than is rehabilitation and other costs associated with the consumption of our nation's resources as opposed to contributions toward our nation's future.

20 Sept 1996

Biography of Colonel (Dr.) William L. Crowson
Director of the MS National Guard Youth Challenge Program
and The Challenge Academy
Camp Shelby, MS 39407
Phone: 558-2324, Fax: 558-2400

Colonel (Dr.) William Crowson is the Director of the national award winning Mississippi National Guard's Youth Challenge Program and the Challenge Academy, a quasi-military program for high school dropouts which is located at Camp Shelby.

Colonel Crowson has over twenty-six (26) years experience as an educator, having worked as a professor and administrator on both the community college and university levels and as a school psychologist and consultant for many elementary and secondary school districts. He has been listed as a presenter for many state conferences and has conducted numerous workshops on various aspects of human behavior. He has thirty-five (35) years experience with the military where he has earned numerous awards and decorations and is currently serving as an Assistant Chief of Staff with the Mississippi National Guard.

He holds his doctorate from the University of Southern Mississippi, a Bachelor of Arts Degree from the University of the State of New York, a Bachelor and a Master of Science Degree from Mississippi State University, and a Master of Business Administration from Jackson State University. He has also completed numerous hours of postdoctoral course work at William Carey College, Liberty University, and Texas Tech University.

He is a National Certified Counselor and is licensed by the State of Mississippi as a Licensed Professional Counselor and as a Licensed Social Worker. He is a Certified Criminal Justice Specialist and a Master Addictions Counselor.



STATE OF MISSISSIPPI
MISSISSIPPI NATIONAL GUARD

YOUTH CHALLENGE PROGRAM
BUILDING 8U
CAMP SHELBY, MISSISSIPPI 39407-5500



Overview
Mississippi National Guard
Youth Challenge Program
and
The Challenge Academy
Camp Shelby, MS

BACKGROUND

In 1990, approximately 1,512 students were dropping out of school each day in the United States. In 1993, there were approximately 3.4 million people in the United States, ages 16-24, who were high school dropouts. Underskilled and undereducated, they are adrift in a high-tech society that requires ever increasing literacy, more education, and technical skills for even minimum wage jobs. Many become dependent upon social services; some become involved with the juvenile justice system.

Large segments of Mississippi youth do not complete high school. In 1994, over eleven thousand five hundred youth dropped out of the public school system in Mississippi. The year before the number was over eleven thousand and two hundred, and for the prior three years, over ten thousand Mississippi youth exited the state's educational system each year. Therefore, the numbers are increasing. Further, over forty percent of the residents in the State of Mississippi who are twenty-five years of age or older did not graduate from high school. Eighty-seven (87) percent of the individuals who are incarcerated in Mississippi did not graduate from high school, and 85 percent have alcohol and substance abuse problems. The lack of adequate educational preparation for many of Mississippi's residents has brought unnecessary economic hardship due to many individuals failing to be competitive by meeting minimum educational standards, by failing to be a high school graduate, or by not having a high school equivalency diploma.

Confronting this issue, Congress, in the 1993 Defense Authorization Act, provided funding for the National Guard Bureau to conduct a pilot program for the purpose of determining whether the life skills and employment potential of youths who dropout of secondary school can be significantly improved through military-based training, including supervised work experience in community service and conservation projects. Formally called the National Guard Civilian Youth Opportunities Program and more simply known as

ChalleNGe, this program was implemented in 15 states by the end of calendar year 1994.

PURPOSE

The purpose of the Mississippi National Guard "Youth ChalleNGe Program" is to take young people ages 16 to 18-years who have left high school without a diploma and to challenge them through a structured academic and physical environment to earn a General Educational Development certificate (GED) and become responsible, productive members of society.

MISSION

The Mississippi National Guard Youth ChalleNGe Program's mission is to train, mentor, and develop selected applicants into contributing members of their communities by providing life application skills through a variety of activities based on eight core objectives. The annual target is 400 graduates per year.

ORGANIZATION

In implementing the program, the Mississippi National Guard adopted features that characterize successful intervention programs: a residential model, strict discipline, structured long-term follow-up, and diverse participants.

ChalleNGe is for young men and women who have dropped out of the traditional school setting and wish to make major changes in their lives and are willing to take responsibility for making them happen. The objective of ChalleNGe is to provide young men and women who are at risk people with the values, skills, education and self-discipline to succeed as adults. Our program is called "ChalleNGe" for a good reason. ChalleNGe consists of an intervention-type five month residential phase conducted in a military setting at the Mississippi National Guard Training Center, Camp Shelby, MS. This is not a "boot-camp" type program, however; it's not easy.

The ChalleNGe Academy graduates two classes each year (beginning in January and July) with two hundred and thirty eight students being selected for each class.

YCP Eligibility:

- * 16-18 years old, male or female
- * Volunteer
- * High School Dropout
- * U. S. Citizen, Resident of Mississippi
- * Drug-free
- * Physically and Mentally Capable

- * Community Leader Endorsement
- * Take Test of Adult Basic Education (TABE)
- * Must participate in an interview with YCP/screening Committee to be considered (very important)
- * If under 18 years old must have Parental or Guardian approval
- * Complete the application packet
- * Provide a name of potential Mentor

Residential Phase

The Residential Phase is a 22-week military-based training and education program that focuses on the development of the whole person. The National Guard Bureau developed and is using an intervention model with eight core components - leadership and followership; community service; job skills, life coping skills; educational excellence; responsible citizenship; health, sex education and nutrition; and physical fitness - as the fundamental guide for program implementation. During this phase, all program participants live in military facilities at Camp Shelby in South Mississippi.

Post Residential Phase

The Post Residential Phase is the one year period following graduation from the Residential phase. The Post Residential Plan calls for the assignment of a mentor to provide advice and assistance, regular monitoring of the graduate's status, progress in obtaining employment and/or pursuing further education, and providing support within the means of the program.

After graduating from the Challenge Academy and successfully completing the high school equivalency exam, all students are assisted in finding employment, joining the military, or continuing their education in a vocational-technical, or academic program. All graduates receive a stipend of \$2,200 which may be used toward continuing their education or towards relocating for a job.

PROGRAM'S SUCCESS

The Mississippi National Guard Youth Challenge Program creates an environment for young men and young ladies to take control of their lives and to accept the responsibility for their past, present, and future behavior. In our 5 month phase, we witness a miraculous metamorphosis. Whether it be the average kid from down the street or an "at-risk" youth, all can see the difference from day one to month five. Our students develop pride, self-respect, discipline, direction, ethics, values and educational skills. In every graduating class, we have had ACT scholarship and Community College scholarship recipients. Many others were college bound using grant or parental assistance, and some entered civilian and military employment.

The following statistics are provided for each graduating class and the class (Class V) currently in progress:

CLASS	# 1	# 2	# 3	# 4	# 5
Beginning Month	Jul 94	Jan 95	Jul 95	Jan 96	July 96
Ending Month	Dec 94	Jun 95	Dec 95	Jun 96	Dec 96
Enrolled	180	238	238	238	238
Graduated	136	180	204	201	In progress
Continuing Ed	37	26	32	46	
Employed	105	162	166	121	
Air Guard	1	1	0	0	
Army Guard	4	8	11	12	
Other Military	4	4	4	6	
GEDs	100	139	161	163	

Objective assessment techniques are utilized during each residential phase to determine the students success within the program as measured by behavioral and academic changes. The success after graduation is measured by the number who are continuing their education, who are employed and are remaining employed, who have joined the military, who have remained in good standing with the legal system, and who are otherwise leading productive and contributing lives.

(See attachment 1 - Letter from parent)

(See attachment 2 - Letter from student)

FUNDING

Mississippi is the only state that has received federal funding and matching funds from the state. The following is a comparison of state and federal funds:

FY	Federal	State	Total
FY94	\$2,528,814.00	\$ 2,686,683.00	\$ 5,215,497.00
FY95	2,359,768.00	2,306,031.00	4,665,799.00
FY96	1,882,448.00	2,086,683.00	3,969,131.00

FUTURE OF PROGRAM

Mississippi has strong state legislative and public support. If federal funds are terminated there is a possibility that Mississippi will continue to support the Challenge Program but a reduction in the number of students served could be anticipated.

CONCLUSION

As a professional, I know of no other program for school dropouts that has been as successful as Challenge, and no other program which is as cost effective. Prevention and/or intervention is always a better investment for our youth than is rehabilitation and other costs associated with the consumption of our nation's resources as opposed to contributions toward our nation's future.

Sir -

We appreciate all your help these past 5 months. I will always be very glad I made that phone call at 8:00 on Monday morning. I recommend this program to any child who needs the S.E.T. and some discipline & guidance with their future. Please excuse writings my patient is talking to me as I try ~~to~~ finish this note.

Thanked Again
Hea X.

The world's
a whole lot better place
Because of people like you
Who give real joy and pleasure
By the nice things that they do.
And with your
recent thoughtfulness
Still very much in mind,
This is meant to bring
a "Thank you"
Of the very warmest kind!

Sincerely
Hea & Fabry Little
(Hea Davis)

Attachment 1 - Page 2 (Parent's Letter) Overview, MS National
Guard Youth Challenge Program

May 30, 1996

910 Laird St
Picayune, MS 39466

Youth Challenge Program
William L. Crowson
Building 80
Camp Shelby, MS 39407-5500

Dear Col Crowson,

I wanted to take the time to thank you for allowing my son, Adam Chapman, to attend your program at Camp Shelby. He learned many valuable lessons during his stay. He was given the opportunity to excel and he was able to take advantage of this. He made the Ranger Platoon, attained 4th Class Cadet and organized a Bible Study Group. Sometimes it is hard to believe that only nine months ago he was in jail for the burglary of his own home.

As we go through life we are not always appreciated for our efforts, but I'm very proud of your program, proud of my son, and proud of you. Please let us know if we can be of any help in the future.

Sincerely,

Renee M. Smith
Renee M. Smith

Attachment 2 - Page 1 (Student's Letter) Overview, MS National Guard Youth Challenge Program

28 May 96

Dear Colonel,

I graduated like you said that I could. Personally I didn't think I would ever graduate from anything. Thank you for not giving up on me. Everybody else did even my family. I have hope now I got a job and I like it very much. I've got to move out and away from my family. I am happy and feel better than I ever have. Thank you. I will come to see you as you were like the dad I never had.

Sincerely

Vincent S.

Attachment 2 - Page 2 (Student's Letter) Overview, MS National Guard Youth Challenge Program

September 3, 1996

Dear Colonel Crowson,

Thank you so much for sending me the yearbook for Class 3. I don't know why I did not think to get one sooner than now! Tell everybody hello for me from way up here in Pennsylvania! I sure do miss everyone so much (you did not think you would ever hear ME say that did you! ha ha ha)

I am in school full time. I still don't know in which direction I want to go in toward my future. I am just taking standard things in school now like English, History, Algebra, Psychology and Music Appreciation. Plus I am working almost full time - mainly because I love the job. (Did not think you would ever hear me say that either, did you? ha ha) But I am still working at the Honover Shoe Outlet in Wyomissing.

Looking threw the annual, I am sad. I see and remember what I know now was the greatest 5 months of my life. I learned so much and did not even know I was doing it at the time! ha I think I'm a top sales people here because of things I learned there. I KNOW I would not have the job and kept it if it had not been for the things I learned. I want to thank you and everybody there at YCP for all the things you have done. It was just like a real school - and I did not know it would be. It was an added bonus, I guess you'd say.

I will be coming to Miss. in November and cannot wait until I can see all of you all. Thank you for mailing me the annual.

Your friend in Christ (thanks to you all, also!)

Andrea Bordelon ☺

PS....I quit smoking a few months ago! Tell everybody....they all tried to tell me and help me and now I have DONE IT ALL ON MY OWN!

PSSS...I have a 3.0 in all but Algebra... it is hard...but I am studying. I hope to get a C out of it, but who knows, I'm in control so I just may have a B or A!

See Mrs. Lawler
I am making something
of myself - ☺

Mr. DORNAN [presiding]. Continuing with the 5-minute rule, Colonel Bean.

STATEMENT OF COL. MAYNARD K. BEAN (RET.), VIRGINIA ARMY NATIONAL GUARD, DIRECTOR, COMMONWEALTH CHALLENGE

Colonel BEAN. Good afternoon, Mr. Chairman and members of the committee. Thank you for allowing us to appear before you today to speak about the military youth program ChalleNGe. My name is Colonel Bean. I am the director of the Virginia National Guard ChalleNGe Program, better known as Commonwealth ChalleNGe, which is located at Virginia Beach, VA.

Virginia was one of the six "new" States added to the ChalleNGe family in 1994. Our program has a target enrollment of 100 cadets per class. To date, we have graduated four classes and presently we are in week 9 with class 5.

My background is also in education. My two degrees from the University of Richmond are in teaching science and in secondary administration. My doctorate is from Virginia Tech and is in educational administration. I have taught high school students both in a rural and urban setting. I have also served as an administrator in these settings. Therefore, my remarks are coming from someone who has served 25 years in the public school systems of Virginia. Further, I have served 34-plus years in the Virginia National Guard, so I have some knowledge of the military.

Commonwealth ChalleNGe is fortunate by having a location at Virginia Beach. This area of our State is rich with military personnel from all branches of the service; therefore, our staff consists of Army, Navy, Air Force, Marine, and Coast Guard officers and enlisted personnel.

Our student body comes from across the State of Virginia. Program enrollment, which averages 105 per class, reflects the State's population of the at-risk dropouts: approximately 48 percent of our students have been black, 46 percent white, and 6 percent Asian, Hispanic, or Native American.

Costs of our program have averaged less than \$11,000 per student, which is significantly lower than the alternative programs or incarceration of our youth.

Commonwealth ChalleNGe has averaged graduating 70 cadets of the 100 enrollment. This is less than our target.

Of our graduates 74 percent have earned their GED diploma. This percentage is substantially higher than other State programs in Virginia, which average about 58 percent.

Some of the things that make ChalleNGe the most successful alternative program for high school dropouts are, and I want to name three:

The first is military discipline. On numerous occasions I have had students tell me that they came to our program to learn self-discipline. We all know that the U.S. military has survived and prospered through the discipline that it instills in its personnel. America takes a back seat to no one with its military. Our youth desperately need the self-discipline that the military can instill, particularly those youth who are targeted to come to ChalleNGe.

No. 2, the post-residential phase of the program. Assigning a mentor to each graduate makes ChalleNGe a very unique program. Each of our graduates has a mentor. This mentor is an adult who is chosen by them and/or their parents, who keeps up with that individual for a period of 12 months once they graduate. That person is trained for ChalleNGe by the Virginia Commonwealth University. The mentor helps the cadet prepare a life plan and then communicates with the cadet after graduation on at least a monthly basis for a period of 1 year.

The third item is the stipend. The \$2,200 stipend helps keep the student and mentor in contact. For the cadet to receive a stipend payment, the mentor must agree saying that the cadet is continuing on his or her life plan.

To date, Virginia has graduated 277 cadets: 40 percent of them have full-time jobs, 15 percent are in the military, which includes the Army, the Marines, the Coast Guard, the Air Force Reserves, and National Guard, 13 percent are attending either 2- or 4-year colleges; 12 percent are attending vocational technical schools; 17 percent are attending adult education classes; and, yes, 3 percent have returned to their old habits and are not following the life plan they wrote while they were in ChalleNGe.

I have brought with me today two of our graduates: Aimee Northern, whom you will hear from in just a minute—if I could ask these kids to stand, please. She is a graduate of class 4, and she is now attending Tidewater Community College. James Somers is the distinguished graduate of class 3. He is at ODU.

Also, I have with me from class 5: Cadet Crystal Donovan; she is our president; Cadet Shamina Lipscomb; she is our secretary; and Cadet Gary Pittman and Cadet James Backus of class 5.

I would encourage you to ask these students and the graduates about ChalleNGe. It has been my experience that they can tell the ChalleNGe story far better than I. They agree with me that we should continue the ChalleNGe Program and continue funding.

Thank you very much.

Mr. DORNAN. Thank you very much, Colonel.

Let me ask my staff here if we have heard from everybody yet. All right.

We are going to go to questioning, and I am going to implement the 5-minute rule as close as I can on the button so that we can hear from these students that you suggested, Colonel Bean. So I will turn to Mr. Buyer first on my side. Oh, all right. Mr. Pickett, do you want to start the questioning then?

Mr. PICKETT. Thank you, Mr. Chairman. I want to tell all the witnesses at the table what a fine job they have done in presenting different phases and different aspects of the ChalleNGe Program. I think each of you has provided something new, something different, a different viewpoint, so it has been very important, I believe, for the panel to hear what you had to say.

Colonel Bean, I know that you and I have talked quite a bit, and I appreciate your showing me around the Commonwealth ChalleNGe Program, and I want to compliment you publicly for the fine job you do there.

Just one thought. I am going to be brief with my time because I do want to hear from the students today. You mentioned the

numbers that have been through the program. Is the funding limitation a constraint on the number of students that you can accommodate with the ChalleNGe Program in Virginia?

Colonel BEAN. Yes, sir. At the present time, that is what is restraining us to the 100 cadets. Yes, sir.

Mr. PICKETT. And the final question I am going to ask is: In Virginia, just as an example, what percentage of the eligible applicants are you able to accommodate in your program? Just roughly, if you have that figure.

Colonel BEAN. The applicants for the State of Virginia, we usually receive 300 applications per class, and we accept 100 students.

Mr. PICKETT. Thank you very much, and thank you, Mr. Chairman.

Mr. DORNAN. You bet.

Mr. Buyer.

Mr. BUYER. Thank you, Mr. Chairman.

I would like to share with the witnesses that part of the challenges which we have here on this committee is that we have to also be very good listeners. In order to do that, we listened to a lot of testimony over the past years, and I will share with you—we have had the Chief of Staff of the Army, Gen. Gordon Sullivan, state: “The Army is on the razor’s edge of readiness.” He stated that in 1993. We have had Gen. Gary Lock, CINC-Korea:

Additional U.S. funding is needed to maintain morale and readiness. This is essentially true given the fact that approximately 50 percent of American forces in Korea live in inadequate living, dining, and working facilities. Full support for our operating accounts, including operational tempo, facilities, and barracks maintenance and repair, is essential, and they have shortfalls.

That is Korea.

We have Admiral Mackey, CINC-Pacific Command: “Everyone wants to know where the edge is. Where do you break readiness?” was his question. “To be honest, I can’t tell you, but I think we are near the edge of the envelope.” That was his testimony to us on February 28, 1995.

Secretary of Defense Perry, “The modernization program has already been cut too deeply in the Army.” He told us that on July 1, 1994.

General Mundy, the Commandant of the Marine Corps, back in February 1995, said:

This budget provides an operationally effective and ready Marine Corps, but to ensure current readiness, we have deferred investment in modernized equipment for our ground forces as well as investment in our physical plant in terms of necessary maintenance and repair. We can do this in the short term, but I remain concerned about the not-too-distant implications of continuing to defer needed investment in the Marine Corps in the future.

We had Maj. Gen. Robert Ensslin, the National Guard Association, former executive director of the National Guard Association, say in congressional testimony on March 23, 1995, “I think that they”—referring to the civil military programs—“are great programs, but I don’t think they really belong in the defense budget.”

We had Maj. Gen. Robert Sandler, AUS (Retired), Executive Director of the Reserve Officers Association, United States, state at the same hearing, “We train our forces to fight. We do not train them to do civil military cooperation within the United States to

perform any other kinds of civil activities within the United States."

The list goes on and on and on about people who come in and they testify to us about their needs and their shortfalls. I don't think—there are no doubts—I don't believe anyone doubts the effectiveness or the worthiness of this program. So as I sat here and I listened to all of your testimony, you were all very careful to sing the praises of the program. I want you to know no one is doubting that.

We are faced with a very strong challenge here. If there is a good program, how are we going to fund it in the future? And, Mr. Chairman, what I would ask is that the committee would send a question to the National Guard Bureau to be forwarded down to the 15 States that have the ChalleNGe Program, for them to respond to us what their rating reported under the SORTS system during January and July of this year for the National Guard units in these 15 States down to the battalion in the Army and the squadron in the Air Force. How can they come in and testify to us that they have this many units that are C-4, they only have this many units that are C-1, and only this many units are C-3. If there are a lot of deficiencies, what are we doing? It is one of these time-out things.

So I wanted to share that with you, and I think it is extremely important. I know I didn't get to the question side of it, and I apologize. But I need to defer to my colleagues.

Mr. DORNAN. Thank you.

Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Probably if you had General Ensslin back and General Sandler back, they would testify that, as they understood the questions when they made these statements, it was whether they would keep the number of technicians and AGR's in the units and what would be their priorities. So they put the technicians up in front of the ChalleNGe Program. But so much for that. There are so many others who support the program. You just look around the room here today. There are civilians who know about this program that are a part of it; and I am certainly becoming emotional when I get involved in seeing these young men and women.

I think the bottomline for Mr. Buyer is a funding problem, and I understand where he is coming from. And we have gone out and tried to find other funding. Steve, give us time. Let us try to find some other funding if you have some problems with where this money is coming from.

I am told in the conferences of the authorization and appropriation bills there has been added \$153 million for cancer research. I agree with you. That is going a little far. But under these programs, what our witnesses just told us, they teach leadership. When you go into OCS or you go into noncommissioned officer school, the first thing you teach is leadership. You teach self-discipline, which you said, Colonel Bean.

We have in the military now a tuition assistance program that the people in the military service can go to school while they are in the military. So we encourage education.

So I would like to find other funds, but I think this is so important. I think the military ought to continue to fund this program until we get some help from others. And we took the FBI down to look at the Mississippi program a year ago. We never heard from them. We never heard again from them. They thought it was a great program. It is a better program than you have in AmeriCorps, Head Start. It costs less. And I just would think it would be a tragedy, after we hear these young people testify, to let this program go under. I think so much of it that—you heard me say this before—I wish it could be more, give a \$500-a-year scholarship. Is that correct, Colonel Crowson?

Colonel CROWSON. Yes, sir.

Mr. MONTGOMERY. It puts a kid in a community college that would have probably gone to jail. So that is all we are trying to do. We have got problems in this Nation now out on the streets that we didn't have 20 or 30 years ago. We are trying to help them. It costs some money. And certainly we just can't lose the program.

Thank you, Mr. Chairman.

Mr. DORNAN. Mr. Chambliss.

Mr. CHAMBLISS. I just have one question. I am going to direct it to Mr. Hughes because I know what his numbers are, and any other gentleman who can comment on it, I would appreciate it. That is, Bob, the amount of the cost of this program on a per-student basis, would you tell us that, please?

Mr. HUGHES. The current budget we have is just a little over \$9,000 per student in Georgia.

Mr. CHAMBLISS. How about our other States? Is that comparable?

Colonel BEAN. Virginia is \$10,996 per student.

Lieutenant Colonel BEDWELL. Oklahoma is just under \$12,000, but that also includes the State money, which is 22 percent of our budget. So we are close from a Federal perspective to Georgia.

Colonel CROWSON. Mississippi is around \$10,000, and that includes State money, sir.

Mr. CHAMBLISS. My only comment about that is that I understand where Mr. Buyer is coming from. Nobody is more concerned about balancing the budget in this country than I am. I have a very strong voting record in that direction. But also in my economics class, I learned that the return on an investment that you make is the most important type of consideration that you think about when you look at an investment. And when I think about spending \$9,000 to \$10,000 on turning around the life of a young person in this country compared to what we would spend on those young people if they headed down the same path which they were heading down before they got into the Youth Challenge Program; I just think it is tax money well spent. I am sorry Steve is not here to see this, but he has heard me before on this, and he will hear me again, I assure you.

But Sonny and I agree that this is just money well spent, and I know we are going to find the money somewhere.

Thank you, Mr. Chairman.

Mr. DORNAN. Let me interject myself into the process here of questioning, and then I am going to give the gavel to Mr. Lewis for about 4 minutes. But I wanted to get this in and tie it into three guests that I have waiting in the anteroom here.

What is the most common reason for a cadet to leave? And could we start the round robin here with you, Colonel Bean? Just go down the line and tell me what you think it is.

Colonel BEAN. Leaving ChalleNGe?

Mr. DORNAN. Leaving the ChalleNGe Program.

Colonel BEAN. Quitting the program?

Mr. DORNAN. Right.

Colonel BEAN. Homesickness.

Mr. DORNAN. Homesickness. I dismissed that as a 19-year-old until my first week in the Air Force, and then I found there was such a sickness. And then I found out how important mail call was. But I didn't have the option to pack up and hitchhike back to Los Angeles.

Colonel Crowson.

Colonel CROWSON. Not wanting to do what someone else asks them to do.

Mr. DORNAN. Following orders. Chore failure at home, probably. Not used to taking a simple, reasonable order.

Colonel Bedwell.

Lieutenant Colonel BEDWELL. Agreed. Early in the program—it depends on where you are in the program. Early in the program, homesickness, clearly. Later in the program, discipline issues.

Mr. DORNAN. I want to come back to that. Mr. Hughes?

Mr. HUGHES. Probably the discipline issue.

Mr. DORNAN. Discipline issue. We have three disciplines and two homesick.

Sergeant Cline.

Sergeant CLINE. Sir, in talking to the young gentlemen and ladies that have been involved in the program, I would say discipline is probably the—and the breakdown in the home.

Mr. DORNAN. Well, then, homesickness, there is nothing you can do about that. Absolutely nothing. In a way it is good because it shows they have got roots and something that they will pine away for.

How hard do you work to keep them in the program just as a sales job with homesickness? But what do you do with discipline? How much misconduct do you tolerate?

Colonel BEAN. You are talking about how much trouble we put them through before they can leave? They have to talk to six individuals before they can leave from Virginia ChalleNGe. They talk to their individual squad leaders, platoon sergeant, first sergeant, counselor, program coordinator, deputy director if he is around, and then myself, before we allow them to leave. Each one of us is trying to point out the reasons they should stay.

Mr. DORNAN. Right. What about drug abuse? If you find someone smoking marijuana, is there a zero tolerance, same as the military? Or how do you handle that?

Colonel BEAN. Zero tolerance, sir.

Mr. DORNAN. Since our young people today—and this almost sounds like a memorized line because I have said it so often on the House floor and on television and radio shows. But our culture is so utterly saturated with pro-promiscuity, sexual messages, soaked on television, including daytime, the inane talk shows—I am not talking about Oprah, but the idiotic ones, which is 90 percent—and

certainly the motion picture screenings in the malls. Given that, how much misconduct do you put up with with sexual behavior?

Colonel BEAN. Zero tolerance in Virginia, sir.

Mr. DORNAN. Zero tolerance. Heterosexual or homosexual.

Colonel BEAN. Both, sir.

Mr. DORNAN. A homosexual in the program would not be tolerated?

Colonel BEAN. It has not been. We have had it, and we have had to terminate students for it.

Mr. DORNAN. Right. The reason I asked is because the three young people I am meeting with all are HIV positive. It is a group called AIDS—no, People of Color with AIDS, Los Angeles. So you have given me information on a program that is happening and that is positive and dynamic.

If you would take the gavel, Mr. Lewis, I will be back in about 5 minutes.

Colonel BEDWELL. Could I clarify something, sir? Could I clarify something? Homosexuality, sexual preference, is not a factor in the program at all. Activity is all we are referring to here.

Mr. DORNAN. Activity.

Mr. LEWIS [presiding]. I think we are ready for the next panel then. Thank you all.

I would like to certainly welcome the new panel. It is a very special group of young people that are graduates of the ChalleNGe Program. Again, we welcome you here today.

We have from Virginia, Ms. Aimee Northern; from Mississippi, Mr. Richard G. Daumer, staff assistant to the Mississippi National Guard Youth ChalleNGe and the ChalleNGe Academy; from Oklahoma, Ms. Tamela Kaye Bowers, Thunderbird Youth Academy Peer Adviser; and from Georgia, Ms. Winsome Williamson. So we would certainly again like to welcome you here.

I have a question for Ms. Bowers and Mr. Daumer. From your titles, it appears that you have continued to support the ChalleNGe Program after your graduation. Perhaps you could explain your current role within the ChalleNGe Program and why you elect to stay on.

Mr. DAUMER. The reason I like to stay is because that is one of the best places I have ever been. It is more of a home than anything I have ever had. The people there, they care more about you than you—more than most people ever have. Without the Youth ChalleNGe, I probably wouldn't be alive right now. I stayed back so I could give back what was given to me.

Mr. LEWIS. That is good.

Ms. Bowers.

Ms. BOWERS. The new students in the present class, they are going to go through some things that I went through also, and I feel I can be there to assist them a great deal, and also for all the good things I received from the program and from the staff, I want to be there and help put some of that back, because I received a great deal. And I think I can help them a lot with the homesickness and everything like that, because I went through the same thing, and help them get through it and succeed in the academy.

Mr. LEWIS. Thank you. Those experiences can certainly be a good thing to share with them. Thank you.

Ms. Northern, would you like to start with your testimony, please?

STATEMENT OF AIMEE NORTHERN, GRADUATE, VIRGINIA

Ms. NORTHERN. Good afternoon. My name is Aimee Northern, and I am here today speaking on behalf of Commonwealth Challenge of Virginia. I am 17 years old, and I am currently living with my family in Portsmouth, VA. I graduated from Commonwealth Challenge, class 4, on July 3, 1996, and I am now attending classes at Tidewater Community College. Almost a year ago, before I entered the program, I was a junior in high school, failing all of my classes and skipping school almost every day. I wasn't following any of my parents rules or doing anything I was supposed to. I was even getting into minor trouble with the law. Basically, I had fallen in with the wrong crowd, and my parents were very worried about me. They had tried talking to me, punishing me, and sending me to counselors, but it wasn't working. It seemed there weren't very many services for kids in my situation. My mom said she was particularly frustrated at the time because people were telling her that the next stop along my path was the court system.

Then my dad heard of the Challenge Program from a family friend and saw it as my last hope. When he first told me about the program, I really didn't want to go. But my parents convinced me that I needed to go for myself, plus they said that if I didn't go and continued to behave the way I had been behaving that living with them would be worse.

The day I went to get accepted to the program, at first Colonel Bean didn't want to accept me. He didn't think I could make it through the program or even benefit from it. But after talking with my parents and after me promising that I wouldn't quit, he accepted me to the program. The 5 months I spent at Challenge were, so far, the hardest 5 months of my life. I had to be without my friends and family for long time periods. I was in a completely different environment than I was used to. We were waking up very early in the morning, going to school, doing lots of physical exercise, keeping a very busy but organized schedule, being exhausted almost all the time, and always having a cadre around to keep us in line and make it very difficult to do anything out of order. Those are just a few of the things about the program that made it difficult, but what I realize now is that all that stuff instilled in me a great sense of discipline, motivation, ambition, self-confidence, and responsibility—all of which I still possess today and use every day.

Everything is different now. For the first time in my life, I am making straight A's. I don't fight with my parents anymore. I always keep everything around me neat and clean; and, basically, I am just a much happier person, and I feel that I owe the majority of this to Colonel Bean and the Challenge Program.

I am not the only one who has benefited from this program. There are many others whose lives have been changed, and there are many others in need who would benefit from this program. I know lots of people from my old high school who are not bad people who just took a wrong turn down the road somewhere and need somebody to help them get back on the track. I would hate to think

what I would be doing today if I hadn't decided to go to ChalleNGe, and I would hate to think of all the kids who would miss their chance if the program were to be shut down. I feel that Commonwealth ChalleNGe should be given the chance to help many other teenagers in the future as long as there are teenagers in need. Hopefully you can sort of see the program through my eyes now, and hopefully you will keep that picture in mind when the time comes to make any decisions on the program's future. I now have a bright future because of Commonwealth ChalleNGe.

Thank you for this opportunity to share my thoughts and feelings with you today.

Mr. LEWIS. Thank you.

Ms. Williamson.

STATEMENT OF WINSOME WILLIAMSON, GRADUATE, GEORGIA

Ms. WILLIAMSON. Good afternoon, distinguished Congressmen. My name is Winsome Williamson, and I am 17 years old. I am from Decatur, GA, and I am a graduate of class 5. I would like to tell you what the Youth ChalleNGe Program means to me.

The last 3 years before YCP were very difficult for me. I had no respect nor discipline in school or at home. I was lost, confused on where I wanted to go. I knew I wanted to make a difference in my life, but I wasn't sure how. There are many things to do and to be in life, but I couldn't make a decision. YCP was a great inspiration for me making that decision and the main reason for where I am today.

Let's take a look at my life and you will see how. At the age of 13, my school and mother pressed charges on me for truancy and unruliness. I was placed on probation, but no changes were made for me. I violated my probation continuously until I was committed to the State for 2 years. I was placed in juvenile detention more than 5 times. They tried to send me to State school, but I barely went, until I completely stopped.

At the end of my commitment, the Youth ChalleNGe Program was brought to my attention. On August 21, 1995, I left home for YCP. I left with an attitude in which I felt no one was going to determine the things I do, as it was in the juvenile detention centers. The Youth ChalleNGe Program gave me the choice to stay at home with my attitude or to come to the program and earn the knowledge and motivation I needed to succeed. They taught me to be the very strong-minded and determined person I am today.

When I went to YCP, I thought that my diploma was my only priority. But they gave me a lot more than I ever had expected. I obtained college hours in accounting and good leadership and communication skills. I was once a platoon guide and squad leader, but when my leadership position changed, I learned to work as part of a team by being a good follower. They taught me to be a great leader—they taught me that a great leader is one that is a great follower first.

I have learned discipline, neatness, respect for others, and how to adapt to changes because of the Youth ChalleNGe. I am now a certified community CPR, first aid, and safety provider. I have a car insurance discount because of the defensive driving classes I received from YCP. They have given me a structure of behavior hab-

its that has enhanced my abilities on how to carry myself at certain times and places. With these skills, I have accomplished many goals, and I have more to conquer.

On January 28, 1996, my graduation, I earned not only my diploma but certificates for color guard, newspaper staff, college hours, and presidential PT standards. I was also chosen for an interview on the news on behalf of the program. I walked across the stage with a great sense of satisfaction, discipline, determination, respect, skill, and education that YCP developed in me. If it weren't for that big turning point in my life, I would still be confused, struggling in school, and having problems with my family and the law. I am now enlisted in the U.S. Air Force and will be leaving October 21, 1996.

I thank you all for making class possible for me, and I hope you continue to help other youths like myself who need the same chance.

Mr. LEWIS. Thank you.

Mr. Daumer.

STATEMENT OF RICHARD G. DAUMER, STAFF ASSISTANT, MISSISSIPPI NATIONAL GUARD YOUTH CHALLENGE AND THE CHALLENGE ACADEMY

Mr. DAUMER. Mr. Chairman and other members of this committee, thank you for allowing me the opportunity to speak before you today. Gentlemen, please understand, as a high school dropout from rural Mississippi, speaking before you today is the greatest accomplishment I have ever made in my life. Until now, I thought graduating from Youth ChalleNGe was tough, but this tops it.

When I was 3 years old, my parents divorced, and my mother later remarried. I did not know my biological father until I was 12 years old. Looking back, those pre-adolescent years were the beginning of a lot of anger and confusion in my life. At age 14, I started using drugs. I didn't care about school and became a discipline problem for the teachers as well as my parents. At age 15, I began stealing, drinking, and skipping school. I didn't consider myself as being a bad person, but I didn't consider myself as being a good person either. At age 16, I dropped out of school and then was sent to training school for stealing.

After training school, I didn't return to high school. I held various jobs, but I had a low self-esteem because I was spinning my wheels and did not have a high school diploma. I heard about the ChalleNGe Program from a former teacher who had not given up on me. I came to the ChalleNGe Program scared to death and wondering if I could make it. In the past, I rebelled against authority and was not going to allow anyone to tell me what to do.

That way of thinking doesn't work in the Youth ChalleNGe Program. One of the first things I learned was that I couldn't always have what I wanted in the real world. Through ChalleNGe, I learned to be responsible for my actions and that I was going to be held accountable for my behavior.

I also learned how to take more effective control of my behavior. I learned to self-evaluate my behavior, my thoughts, and my feelings. I learned more efficient ways in behaving in society. I learned that the only person's behavior I could control is my own. I learned

to stop blaming and complaining and to take control of my own life. I learned it was no one else's job to make me happy. I had to find happiness for myself and in myself.

I also realized that if I kept on doing what I had always been doing before I came to ChalleNGe, then I would keep getting what I had always been getting—nothing, except trouble. I was tired of that. I wanted to be an achiever and a winner rather than a loser and a whiner.

Most of my fellow classmates were like me. They were ready to make a change in their lives when they came to ChalleNGe. And one of the first things we learned was that we had to work as a team if we were going to become winners.

Graduating was a rather moving experience for me as I watched my classmates walk across the stage one by one to receive their diplomas. I remembered where we were in our lives when we came to ChalleNGe, and now most of us were graduating and receiving our high school equivalency. Frankly, most of us never thought we would graduate from anything in life.

Most of the ChalleNGe graduates have gone on and gotten jobs and are working as productive members of society, and I might add as taxpayers. Some are in college this semester, and some have joined the military. After graduating from ChalleNGe, I was fortunate enough to be selected as a staff assistant. A staff assistant is a successful graduate of the Youth ChalleNGe Program and is an employee of the program. I work in the recruiting office and share my story with dropouts who are interested in coming to ChalleNGe.

A big part of my job is being a role model for other students in the program. My term ends in December. Next month I will be joining the Mississippi National Guard and hope to leave for basic training in January. When I return home next summer, I plan to enroll in a vocational school where I will be studying auto mechanics.

I am thankful for the opportunity that was given to me, and I hope that other similar second chances will be given to others in the future.

Thank you.

[Biographies of Colonel Crowson and Richard Daumer follow:]

20 Sept 1996

Biography of Colonel (Dr.) William L. Crowson
Director of the MS National Guard Youth Challenge Program
and The Challenge Academy
Camp Shelby, MS 39407
Phone: 558-2324, Fax: 558-2400

Colonel (Dr.) William Crowson is the Director of the national award winning Mississippi National Guard's Youth Challenge Program and the Challenge Academy, a quasi-military program for high school dropouts which is located at Camp Shelby.

Colonel Crowson has over twenty-six (26) years experience as an educator, having worked as a professor and administrator on both the community college and university levels and as a school psychologist and consultant for many elementary and secondary school districts. He has been listed as a presenter for many state conferences and has conducted numerous workshops on various aspects of human behavior. He has thirty-five (35) years experience with the military where he has earned numerous awards and decorations and is currently serving as an Assistant Chief of Staff with the Mississippi National Guard.

He holds his doctorate from the University of Southern Mississippi, a Bachelor of Arts Degree from the University of the State of New York, a Bachelor and a Master of Science Degree from Mississippi State University, and a Master of Business Administration from Jackson State University. He has also completed numerous hours of postdoctoral course work at William Carey College, Liberty University, and Texas Tech University.

He is a National Certified Counselor and is licensed by the State of Mississippi as a Licensed Professional Counselor and as a Licensed Social Worker. He is a Certified Criminal Justice Specialist and a Master Addictions Counselor.

20 Sept. 1996

Biography of Staff Assistant Richard Gabriel Daumer
 Mississippi National Guard Youth Challenge Program
 and
 The Challenge Academy
 Camp Shelby, Mississippi

- * 17 year old white male
- * Child of divorced parents
- * Drug user at age 14
- * Using alcohol at age 15
- * Thief at age 15
- * School dropout at age 16
- * Sent to training school at age 16
- * Entered Challenge Program at age 17 and:
 - Received high school equivalency
 - Became an Explorer Scout, Boy Scouts of America
 - American Red Cross Certification in Basic First Aid Course
 - American Red Cross Certification in Adult CPR Course
 - Became Presidential Achiever in the President's Physical Fitness Program
 - Received a Certificate of Exceptional Conduct
 - Received a graduation diploma from The Challenge Academy
 - Selected as one of four Staff Assistants with the Mississippi Youth Challenge Program where he is currently employed full time.

Mr. DORNAN [presiding]. Well, thank you.

Ms. Williamson, have you enlisted in the Air Force?

Ms. WILLIAMSON. Yes, sir.

Mr. DORNAN. Very good for you. I just wanted to bring that out.

Ms. Bowers, please.

**STATEMENT OF TAMELA KAYE BOWERS, THUNDERBIRD
YOUTH ACADEMY PEER ADVISER**

Ms. BOWERS. Hello. First of all, I would like to say thank you for giving us the opportunity to voice our opinions today and our concerns and how proud I am to represent the Youth ChalleNGe Program from my State.

Why is the Youth ChalleNGe Program a necessity in today's society? Some may even wonder why even give high school dropouts a second chance. I would like to dwell on those questions today along with explaining more about the Youth ChalleNGe Program. I, too, was a student who needed a second chance. Now I have had many new doors to success opened to me because of the Youth ChalleNGe Program. I cannot begin to thank them enough for changing my life and making me realize my life is worth living.

Why are teens today dropping out of public school systems? Many teens are dealing with peer pressure, which normally goes hand in hand with missing school, bad grades, and often drug use and other acts that are detrimental to themselves and our society. Other problems often occur with teens' lives while having to deal with grades, parents, friends, teachers, work, and, most important, self-image. These are all components of stress that today's teens deal with on a daily basis. How one deals with stress often draws the line between success and failure.

The Youth ChalleNGe Program teaches the students the different kinds of stress and how to deal with them on a daily basis. Normally when stress level is high, self-esteem is low. The student within the program receives help there also. The student is faced with physical and mental challenges on a daily basis. When these challenges are met and completed, they are spiritually boosted, and then they tend to reevaluate their self-capabilities.

I cannot stress enough how important the Youth ChalleNGe Program is to youth today. I, along with many other teens, have gotten a second chance. We now are able to take everything we have learned from the ChalleNGe Program to make a better life for ourselves, our family, and one day our children. The things we have learned here are vital to our everyday lives.

So why attend a Youth ChalleNGe Program rather than a normal GED program? The Youth ChalleNGe Program is exactly what the name says—a challenge. Attending a regular classroom session with our daily activities can be boring and perhaps of no value to some youth today. But with the ChalleNGe Program, they can experience many other things than just a teacher and a school book. There are people on staff who coordinate with the students to make sure they have plans for their lives that are beneficial to them. They help the students apply for college, tech school, find a job, or help them enlist in a branch of the military. Also, they keep in touch with the students after they graduate the program to ensure their stability.

With the comfort and care along with the extreme effort from the staff, the students as a whole have a lot of great experiences and make lifelong friendships. They teach us to be responsible adults and how to be productive citizens of our community, State, and country. Along with the scholastic and physical improvement, overall they make us better people.

I hope everyone here supports this program as I do. With this program, I know now I can do anything I set my mind to. Never before did I have the confidence to say or even think anything of that nature. I cannot wait until the day I can pay back the Youth ChalleNGe Program for everything they have done for me. Please realize the importance of this program today so that many other teens can experience the wonderful things I have.

Thank you.

Mr. DORNAN. Before going to Mr. Pickett, my friend, General Conaway, has just sent me a little notice that I think is worth reading. He said that he has been to hearings as a witness in this very room for over 20 years, and he believes this is the most important hearing that he has witnessed because of its effect on the current and future readiness of not just the military but of America as a free and democratic country, and he thanks us for having the hearing. Former commander of the National Guard, this is a note worth reading. I didn't mean to surprise you there. I know it was a personal note, General.

All right. Mr. Montgomery.

Mr. MONTGOMERY. He is going to let me go. I am going to leave, and I will be right back. But I would just like to thank our young witnesses for being here. You said it from your heart, and thank you so much for supporting this program.

Quickly down the line, has ChalleNGe saved you from some personal problems you would have had later in life? Just go right down the line.

Ms. NORTHERN. As far as I am concerned, yes. I wasn't going to high school. Now I am going to college, and I can pick anything to major in and I can do anything. So as far as I am concerned, ChalleNGe has changed my life a great deal.

Mr. MONTGOMERY. Thank you.

Ms. WILLIAMSON. Yes, ChalleNGe has changed my life, too, because I wasn't going to school and I was not moving forward. I was like 2 years behind, and I wasn't going to graduate and get a diploma. And I wouldn't have been able to go in the military, which I wanted to do.

Mr. DAUMER. Yes, sir, ChalleNGe changed my life because without ChalleNGe I wouldn't have a GED, and I would probably still be on the streets doing exactly what I was doing before I came to ChalleNGe.

Mr. MONTGOMERY. The last two witnesses, Ms. Williamson and Mr. Daumer, you are going into the National Guard or the Air Force. Is that correct?

Mr. DAUMER. Yes, sir.

Ms. WILLIAMSON. Yes, sir.

Mr. MONTGOMERY. OK. Ms. Bowers.

Ms. BOWERS. I, too, enlisted in the U.S. Air Force recently, and I think without the ChalleNGe Program I would not have the atti-

tude or anything to think I could anything, especially with the military. So I thank the ChalleNGe Program for everything, attitudewise, that I have right now. So, yes, definitely, sir.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Mr. DORNAN. Thank you.

Mr. PICKETT.

Mr. PICKETT. Thank you, Mr. Chairman.

Let me make sure I have this correct. Ms. Williamson, you have enlisted in the Air Force, and you are waiting to be called up. Is that correct?

Ms. WILLIAMSON. Yes, sir. I leave October 23.

Mr. PICKETT. October 23. OK.

Mr. Daumer, you have joined the National Guard, have you?

Mr. DAUMER. No, sir. I am going to be joining at the end of this month or beginning of next month.

Mr. PICKETT. I see. Good.

And, Ms. Bowers, you said you enlisted in the Air Force?

Ms. BOWERS. Yes, sir.

Mr. PICKETT. And do you know when you are going to be called up? Have you been told?

Ms. BOWERS. Sir, I am acting as a peer adviser for the next class, and the cadets graduate February 22. So I hope to leave February 24 when my job is over.

Mr. PICKETT. That is terrific. Well, we are very proud of you, and I want to say all of you did an outstanding job making your presentations today.

One of the key things that we like to hear about is the uniqueness of the ChalleNGe Program. There are many other kinds of programs that are available to young people, and, Ms. Williamson, I think you have said that you tried a number of them that did not seem to suit your personality and temperament, and nothing seemed to work until you got to the ChalleNGe Program. Did the others have similar kinds of experience that you tried other things that simply didn't work but that the ChalleNGe Program did work and provided what you needed to redirect your lives?

Ms. NORTHERN. I had tried counseling and a few programs in school, but the ChalleNGe Program was basically the first program I tried.

Mr. PICKETT. Thank you.

Mr. Daumer.

Mr. DAUMER. It was the first thing I tried, too, sir.

Mr. PICKETT. Ms. Bowers.

Ms. BOWERS. Sir, it was also the first alternative I had chosen, and definitely the most effective of any other I could have chosen, I believe.

Mr. PICKETT. Well, thinking back on your experience—I am going to ask each of the four of you to comment on this. Thinking back on your experience in the ChalleNGe Program, what do you see as the principal factors that influenced your participation and made you want to see it through to the end?

Ms. BOWERS. Because they gave us the attitude and they instilled in us every day that we could do anything we set our mind to, and we had to have discipline. Discipline was the key factor to anything to succeed, to make sure we stick with it and give it ev-

everything we had, anything we ever did in the rest of our lives. And graduating was the first thing to prove our success. So they gave us an incentive.

Mr. PICKETT. Mr. Daumer.

Mr. DAUMER. They made it fun for us, and they were trying to help us out in any way they could. And if we had a problem, they would sit down and talk to us about it. Basically, they just do whatever they could to help you out to make you feel more comfortable there.

Mr. PICKETT. Ms. Williamson.

Ms. WILLIAMSON. Sir, I feel that the discipline and motivation and just the accomplishments that I received made me stick it out.

Mr. PICKETT. Ms. Northern.

Ms. NORTHERN. I would have to say just the accomplishment of graduating something and having all that self-discipline and self-confidence and self-respect made me stay through the program, sir.

Mr. PICKETT. What do you think of the mentoring part of the program? Can you all tell us just a little bit about how you reacted to the mentoring and how that provided a continuation of what you acquired when you were in the active part of the program?

Let's start with you, Ms. Northern.

Ms. NORTHERN. Well, my mentor is a good friend of the family, and I have known her for a long time. She calls every once in a while. We talk on the phone. She sees how I am doing, and she makes sure I am doing OK. If I have anything, any kind of problem, I can talk to her about it. It is basically just to continue good behavior and a good outlook on life after the program is over.

Mr. PICKETT. Thank you.

Ms. WILLIAMSON. My mentor is also a good friend of the family. She just helps me if I have a problem and I don't understand something and I need her. She is just there, and we talk every day, almost every day.

Mr. PICKETT. Did you ask her about enlisting in the Air Force?

Ms. WILLIAMSON. The Air Force was my idea when I went to the Youth ChalleNGe, and I told them and they helped me enlist—her and my mother.

Mr. PICKETT. So you knew when you went to the Youth ChalleNGe Program that you really wanted to get into the Air Force?

Ms. WILLIAMSON. The only reason why I chose it is because the Youth ChalleNGe—I took the ASVAB and the Air Force recruiter came to me, and then that is when I decided to go.

Mr. PICKETT. OK. Mr. Daumer.

Mr. DAUMER. My mentor was a former teacher I had, and she is the one that helped me get into the program. Without her, I probably wouldn't have made it through the program. I would call her, and we would talk; and she is the one really talked me through the program.

Mr. PICKETT. Good. Ms. Bowers.

Ms. BOWERS. My mentor was not a friend of the family's before, but is definitely one of the main family friends now. I speak with her daily, and her husband works at the ChalleNGe site as a first sergeant. She helped me all throughout the program and talks to me every day to make sure I am doing the right thing and the

right decisions. And she, too, helped me enlist in the Air Force and makes sure I make the right decisions.

Mr. PICKETT. Just one final question I would like to ask, Mr. Chairman. I don't want to overstay my time, but tell me about your impression of the people that administer the ChalleNge Program. I know that in many cases they are retired military. What effect, what influence did that have on you in working with these people?

Ms. BOWERS. I definitely think they are the best people for the job, because everything they have learned through their military experiences they taught us, such as discipline and everything else that falls under that.

I think they are the best candidates, and we learned a great deal from their experiences in the military and to help us further on with our education. They had a lot of good personal advice, too, especially about selecting the military branch that was right for us and helping us choose a career, and daily discipline.

Mr. PICKETT. Mr. Daumer.

Mr. DAUMER. The military people that worked there really help you out as much as they can. They care a lot for you. They do really all they can do to help you make it through the program, make sure that you are doing what you are supposed to be doing. They give you plenty of discipline. And most of them probably care more than they really should because a lot of us are really messing up when we get there, and they really just kind of overlook that and help us out as much as they can.

Mr. PICKETT. Thank you.

Ms. Williamson.

Ms. WILLIAMSON. The staff and cadre in the Georgia Youth Challenge are hard on discipline, but besides that, they are real caring and they try to keep you in the program even though you want to quit at times. And they try their best, unless it is just, you know, with the drugs or sexual behavior where we just automatically get kicked out. They try to motivate you to stay. So they are very caring.

Mr. PICKETT. Ms. Northern.

Ms. NORTHERN. Yes, even though they are hard on us, they are just doing it for our own good. They care about us, and I think about all of them every day, and I still miss them very much. I feel they made a big difference in my life, and sometimes I can even still picture their faces yelling at me and telling me what to do. It was all for my own good benefit, so I really thank all of them a lot.

Mr. PICKETT. Well, do you all feel that having the former military people working this program is an important part of the program?

Ms. NORTHERN. Yes, I feel it is a very important part. I think it is the biggest part that instills the self-discipline, doing all the things you don't want to do and knowing that you have to do them because you just always have to do things you don't want to do in life.

Ms. WILLIAMSON. I agree with her. I feel that they are the best for the discipline and the neatness and respect.

Mr. DAUMER. Yes, sir, I agree also, because without that you wouldn't have as much discipline as you have. They have had their share of discipline, and they are being sure to give it back to you.

Ms. BOWERS. Sir, I think they are the only ones that could do the job thoroughly and correctly with us, with their discipline. Like I said before, everything they learned in the military, they pass down to us and help us with what we learn daily and throughout our lives. I think they are the only ones that could do a successful job, and they do a great job.

Mr. PICKETT. Well, thank you all very, very much. I appreciate your being here, and I appreciate your responses to the question. It has been most helpful.

Mr. Chairman, thank you.

Mr. DORNAN. Have any of you mentored yourself—that is not the right word. Have any of you counseled quitters to hang in there? Do you believe enough in the program to tell a friend or someone who is becoming a friend to stay in there? Ms. Northern?

Ms. NORTHERN. Yes. Throughout the whole program, there were always times when friends would be, like, oh, I am going to quit, this is too hard, I miss my family, I miss my home. And I would always be there to tell them, Don't quit, it is not worth it, the home is going to be there when you get out, when you graduate months from now. So, yes, I always had to counsel other cadets.

Mr. DORNAN. How about you, Ms. Williamson?

Ms. WILLIAMSON. Yes, I am an adviser and a counselor at Future Force and at the Wesley Chapel Youth Center, and they send kids to the program. They write and complain, and I am motivating them to stay because I did and I know they can do it, too.

Mr. DORNAN. Mr. Daumer.

Mr. DAUMER. Yes, sir, I have had to help a few students through the program, too, because they didn't want to stick it out. They missed their home, and they wanted to go home to their friends and family.

With the job I am doing now, that is part of the job. I help the students stick it out through the program.

Mr. DORNAN. Ms. Bowers.

Ms. BOWERS. While I was there as a student, we all helped each other out. But now after graduating, I feel so much for the Challenge Program and I believe in it so much that I wanted to work there and help students out. And that is what I do now. I help students stay in and tell them the reasons they are there and make sure they stay there.

Mr. DORNAN. Well, I am going to let Mr. Buyer have another round of questioning here, and Mr. Chambliss if he wants to also weigh in.

Let me tell you where I agree with Mr. Buyer. We just don't have enough money the way this commander in chief is increasing the operational tempo and claiming he supports the military, loves to pose around people in uniform, whether it is little school girls in a parochial school, police officers, or military people he particularly likes, but he then cuts the budget for defense, slashes it for modernization. So we have a money problem.

But there are two areas where I am moving away from my hard position that the military is for national security in the narrow def-

inition of that term, and one is the war on narcotics. I had always said that we shouldn't use that word "war" because we cheapened with the war on poverty, war on this, war on that. And I thought that the Director of the National Drug Policy, Gen. Barry McCaffrey, was correct, that we should stop saying "war" because it indicates a final victory point, which we never seemed to find in Korea or Vietnam, but that it makes it too large a struggle and that it has a completion point where he believes it is just like all general crime, that it will be with us forever, that what we are trying to do is just bring it down to a less destructive level. The ideal is to go for zero, but we know human nature being what it is, we won't reach that.

But then I heard Bill Bennett, the former drug czar and former Secretary of Education, say the battle is so intense now that it is worthy—the battle against narcotic abuse—it is worthy of the title "war." And he said when you say "war," if you mean it, it mobilized national will, national attention, national assets. So I guess I am not going to gripe about calling it the "drug war," anymore, particularly after Sunday, seeing these 8,000 kids, many of them coming back from really evil gangs, trying to find a positive path in life.

The other area where my position is changing is on dealing with young people. I look at Big Brother programs, and I see that some sleazy people—a tiny minority, but it makes my point—come into it to solve their own problems of loneliness or even as sexual predators; and if they don't step over a law-breaking line, if they just do damage and move on, there is nothing you can do to them. You never have that happen with military people—I shouldn't say never. It is so infinitesimally low because you have an accountability process. You can court-martial somebody who abuses a young person that is under his care.

So now we have another one of these battles, the battle to save youth from a society that Rev. Billy Graham said is on the edge of self-destruction. And so we are going to task our military—and I always knew they would do a great job, always knew they did do a great job, knew when Congressman Montgomery and Congressman Pickett came to me to have these hearings; I knew that we would hear great stories. And I sit here trying to put on a liberal cap, which doesn't fit me very well, and think: Isn't it funny that the profession of arms, soldiering, which usually involves mastery over the centuries of club, mace, sword, rifle, or in this century more ferocious weaponry, that the liberal idealist who wants to see the military reduced to nothing—and there are a few on this full committee, those people that do not understand the honor in the profession of arms, that it must be very frustrating to the liberal mind to see a program working like this that has people in uniform creating such a positive role for young people.

I also see it in police work. If we do find a way because of constant reduction of military funding for the principal role to guard our country's national interests around the world and to protect America, if we do see the money disappearing, then I think in a quasi-military profession, which is what police work is, that may be the only other place where you find role models with discipline where there is an accountability if they end up hurting or becoming

what O.J. Simpson is, a negative role model. There are positive role models, and there are extremely insidious negative role models. The pimp in the neighborhood, the young person who has a beeper on his belt and who is drug-pushing and has more available cash than anybody else is a model, all right. He is a negative role model.

So I appreciate Mr. Pickett and Mr. Montgomery bringing this to my attention. I understand exactly what Mr. Steve Buyer is saying, to my right here, because we are of like mind that we just can't have the military do everything, trash it behind the scenes, trash the profession of arms, and then gut the budget. And I understand what General Conaway has said.

So maybe the course we will take here is to answer Sonny Montgomery's plea to Mr. Buyer to keep it going until we find alternate funding routes, or maybe, if Billy Graham is right that we are on the brink of self-destruction, we are going to have to find new ways to use our men and women who honor the profession of arms to battle narcotics in the abstract, the drugs, the influx, and then at the home and street and school level to also save the kids who were bitten by this because we couldn't interdict the poison and couldn't put in jail the adult pushers until they had recruited child pushers. So that is my contribution to this hearing.

Ms. Bowers, you had a comment?

Ms. BOWERS. Yes, sir; the time——

Mr. DORNAN. Do you understand what a smart young person—what I am saying, you know, uniforms and discipline and right face, left face, and snap to, and obstacle courses is the only way we seem to be able to capture the attention of some young people to give them a discipline that they never got at home: You will carry out the garbage or you are grounded. I guess young people in some homes answer back with the "F" word and walk out of the house. And the parents throw up their hands and say, well, nothing I can do. Look at the condition of young people today.

But you were going to say?

Ms. BOWERS. Well, sir, I think that is where the ChalleNGe Program comes in and makes a difference there. But as far as the drugs go, the ChalleNGe Program in Oklahoma also provides NA and AA on a weekly basis——

Mr. DORNAN. What is that?

Ms. BOWERS. Narcotics Anonymous and Alcoholics Anonymous on a weekly basis for those students to attend that have had drug problems. So right there it is helping with the drug problem that we seem to have today. And those students are being helped and counseled on a weekly basis and on a daily basis, if needed, on those drug and alcohol problems.

Mr. DORNAN. Right. Any other comment before I go to Mr. Buyer? Because I am not going to have any closing comments. That was it. Anybody else?

All right. Mr. Buyer.

Mr. BUYER. Thank you very much for being here and your testimony. Let me compliment Owen Pickett. I think his line of questioning was very good, and I appreciated your candid remarks.

Did you all come here at your own expense?

Ms. NORTHERN. Yes, sir.

Ms. WILLIAMSON. No, sir.

Mr. BUYER. Who paid your way?

Ms. WILLIAMSON. The Youth ChalleNGe.

Mr. BUYER. The Youth ChalleNGe Program paid your way for you to be here to testify about themselves? Anybody else? [No response.]

Sonny Montgomery brought up a very good point that what we struggle with here when many of not only the generals but the Secretaries of each of the branches come and testify before us is about their shortfalls and their needs and military readiness and, as we call it here, firewalling—how to protect our military budgets from people who want to use that money for other things. So when he brought up the comment about \$150-plus million on breast cancer research, it is very good for us to ask what are we doing funding that out of the defense budget. There are a lot of different things that people try to reach into the defense budget. When you are talking about \$240-plus billion, there is a lot of money sitting around, so they come in and try to take it. So we struggle with all kinds of things on this committee, and I get eaten up when—I will never forget the ladies come and they see me all the time, wanting me to support breast cancer research out of the defense budget. And I tell them no, and they think I am the most horrible person in the world, that I must support women with cancer.

No; that is not it at all. I just wanted to share that with you. We could have a hearing here today and line up women who are suffering from breast cancer, and they would say, well, it is such a great thing, let's fund that program. Well, wait a minute. Somewhere we have to draw the lines.

To the gentleman in the first panel that testified—and I have spoken with Colonel Bedwell before, and you presented the alternative funding. If the other three would do this for the committee, I would appreciate it, if you would write us and let us know within Georgia, Mississippi, and Virginia, what alternatives do your States do? Since you believe in your program so much, what would you do to keep that program alive if there were no Federal funds?

Now, again, trying to be a very good listener, we have heard Mr. Hughes talk about not only the importance of the Guard or a system structured like Youth ChalleNGe. Well, does that mean the Guard must be an integral part? Or I listened to a question by Mr. Pickett about the importance of the former military people involved, along with your testimony. Does that mean that in order to keep this program there, must the National Guard be an integral part in order for it to be viable?

I don't know. There are questions that we have to ask, and I am going to ask them. Colonel Bedwell has done a very good job in presenting that to me, and I compliment you. But to the three of you, it would be very helpful in brainstorming this. We have a period of time here, and I fulfill my commitments that I have to Sonny. But if we would permit the time period to go by here and none of us has looked into the alternatives, we are wasting some time. So I would appreciate it, gentlemen, if you would be helpful to us.

The other thing I want to share with you, what you are seeing here right at this moment is a Congress in struggle—a Congress in struggle because there are many, many programs out there as far as the eye can see. And now we find ourselves at \$5.1 trillion

in debt. By 2002 we go to over \$7 trillion. It will take us up to the year 2020, 2030, to bring it all back into better balance and in the meantime address some serious issues on Medicaid and Medicare and Social Security and the shift of demographics, because there aren't as much generation *x*, you, as there are baby boomers when they become seniors.

The reason I just share that with you is because there is a Congress that is struggling here on the funding side. So when we have important programs and we have States that testify about how they believe in those programs, then how do we make them viable if your testimony to us is that the program was there for me, that people had given up on me, and that if, in fact, it is a good program, then let's look at those alternatives and how we can keep it viable.

So maintaining that dialog is important. I appreciate your candor and your testimony, and I compliment you. I also believe in the whole-person concept that you testified about, and I compliment you on that. And I believe that the military does provide some great structure for our society.

I am one that I would say I would bring back the draft. I would. I would bring back the draft in a heartbeat because of what it does for our society, because there are—we struggle with a lot of things out there, and, yes, I can believe in an all-volunteer force. But we have got an all-volunteer force and we have to come up with the GI bill and bring people in, and there are a lot of complements to that. But I would bring back the draft. I would, because of what it will do for this society.

Again, let me compliment you, and I am going to continue to search for alternatives. I have had great conversations with my good friend here from Georgia, Mr. Chambliss, and with Owen before and many others on how we can keep this as a viable program. That is what you are asking us, right?

Let me conclude with a question, if I may here, Mr. Chairman, and I know my time is up.

If we can come up with a program—let me say this. I also serve on Judiciary, so if we have boot camps in our prisons because we are thinking about that military structure, and some of those funding mechanisms with—it is Commerce, State, Justice. If we come up with an alternative, a tight military program, are there other sources of funding through Commerce, State, Justice? I don't know. I don't know. I am willing to talk, have a dialog with you about that kind of thing. But I don't want to be close-minded here and say, well, what we have is a program and, Steve, if you don't come along with what we've got, then you must be out of balance. That is not constructive.

Let me ask the four of you: If we are able to come up with a program, a military structural program, would it be just as effective as what you have right now? In other words, we are using former military involved in it, but you don't have the National Guard or Reserves or whatever. Let me just get your feelings.

Ms. BOWERS. Well, sir, I know we say in Oklahoma, if it ain't broke, don't fix it.

Mr. BUYER. Well, the problem, ma'am, is that we are broke—meaning money.

Ms. BOWERS. But, sir, think of all—

Mr. BUYER. Ma'am, the system, I am in agreement on the system, but it is broke.

Ms. BOWERS. There are many issues. Think of all the community hours we put back. Does that not mean anything, all the hours, hundreds and hundreds of hours we put back into our Government for the many that we are using? We put back so many community hours in services. And think of all the money we are saving. I mean, is it cheaper to sponsor a student in the Youth ChalleNGe Program or cheaper to sponsor somebody in prison? The Youth ChalleNGe Program, and I think it is a more positive way to spend the money than for incarceration.

Mr. BUYER. But, see, wait a second. I already have told you that I agree with the program. We are trying to seek alternatives on how we can come up with the funding. And the purpose of this hearing—it is a pilot program. Then the question is: If, in fact, what we are doing is the right and appropriate thing, then why don't you do it for 50 States? And then if we do it for 50 States, what is the cost going to be for 50 States? We could have this program into the \$200, \$300 million pretty fast.

Mr. Chairman, I compliment you for holding the hearing. I think it is very timely. And I compliment Sonny Montgomery. And I think we should continue to have a dialog with the Guard association and the States on this issue because I think it is filling a void. And I think Owen Pickett pointed that out, and I think your testimony also did that. I compliment you.

Thank you, sir.

Mr. DORNAN. Thank you, Mr. Buyer.

For closing remarks, I am going to go to Mr. Chambliss first because I want Mr. Pickett to be our anchorman here. Mr. Chambliss.

Mr. CHAMBLISS. Thank you, Mr. Chairman.

Let me just direct a comment to the four gentlemen who testified who are obviously very familiar with their own programs, as well as being familiar with programs that do operate in other States. I hope you hear very loud and clear what Mr. Buyer is saying, because there is a strong feeling regarding budgetary matters here right now on the Hill, and that is not going to do anything but get tougher and tougher. And your colleagues in the active services come up here every day with requests that unfortunately we have to turn down.

I know Steve to be a very open-minded individual. He is one of my close friends, and I know we are going to discuss this many, many times throughout the next several months, and I can tell you that when he leaves here, with respect to the merits of this program, he will back down anybody who challenges the merits of this program. But it is a program that I think we have got to find some way to continue funding and at the same time, as Steve says, we can't turn it into another entitlement program, that when you apply it to all 50 States, we just simply continue to mount up dollars after dollars after dollars.

But we will continue to work on that with you, gentlemen, and I want to compliment you on your testimony and for being here today, and to you four folks. I know this was not an easy task for you to be here, and I asked Winsome particularly about it before—

hand, whether or not she was nervous. Of course, she said obviously not. But I appreciate you all being here and being so forthright and open with us.

I want to make sure I ask this question in a way you understand what I am saying and that I am not being critical of you, your colleagues, or being too personal about you or your colleagues. But one thing that I think we are going to have to answer on the floor of the House when we debate this issue—and it very likely will come to that—is whether or not this is some sort of service that is provided as a disciplinary matter for parents who are unable to discipline their children. In other words, are we substituting tax money and the National Guard for a home situation where folks simply have not exerted discipline that they should have exerted? Or is it truly a program where we have taken a young man or a young woman who is headed in a direction of criminal activity or other activity, be it having children, going on welfare? Is that the direction that the folks who are in the program were heading that we are helping turn around, versus a young man or a young woman who simply runs over their parents and says, to heck with them, I am going to do what I want to do, and we are going to create a glorified babysitting service by sending these folks to the Youth ChalleNGe Program?

I hope I am clear in what my question is, because I think that is very crucial to the long-term viability of the program. So let me ask you, first of all, do you understand what I am asking? And I would like for you to comment on it, assuming that you do.

Ms. BOWERS. Sir, I feel that the ages that the ChalleNGe Program serves, 16 to 18, I think then the parents have really let go, if they are really—it is not disrespect to their parents. I think it is just a matter of being confused at that age, and that is why they turn to the ChalleNGe Program. And if they honestly don't want to make a change in themselves, then they won't be accepted into the program. They have to want to. They have to have the will to change themselves. Otherwise, the program won't work for them. That is the difference.

Mr. DAUMER. The program is really designed to help people that are on a really wrong track. Within a year of dropping out of school 9 out of 10 of the kids there will end up in jail. So, yes, I believe the program helps people that are on the wrong track, doing nothing but crime, drugs. A lot of them are—a lot of them don't really ever get in trouble with the law, but sooner or later they would have or will. Once they come to Youth ChalleNGe, they really—they change their attitude and they are willing to get back on the right track, forget about the old ways.

Ms. WILLIAMSON. I feel that ChalleNGe will help—it helps them because they don't have a lot of motivation. They are lost. They have family problems. It doesn't always have to deal with drugs and the law. There are some people that are not fortunate and they don't have family members who care. It all depends on the family, family values, and how they were raised.

Mr. CHAMBLISS. Let me just ask you girls something. Maybe I am looking at extremes. But do you all have friends that you ran with before you got in the Youth ChalleNGe Program who have

gone and gotten themselves in trouble and had children and are now drawing welfare checks?

Ms. WILLIAMSON. Yes, sir.

Ms. BOWERS. Yes, sir.

Mr. DAUMER. Yes, sir.

Mr. CHAMBLISS. OK.

Ms. NORTHERN. I don't believe that my failures in life were the fault of my parents. Both my parents made a very good home for me. For some reason—I don't even know what—at some point I just stopped caring about school and my future. Maybe I didn't even realize that I was messing up my life so bad. But it took Commonwealth ChalleNGe to show me that if I didn't turn around, I was going to have a very difficult life ahead of me. And now I can see what for some reason before I wasn't seeing with clear eyes. I don't think that was the fault of my parents, though.

Mr. CHAMBLISS. Well, again, let me thank you for your testimony here today, but more importantly, let me thank you for making what will undoubtedly be the biggest decision you have ever made in your life and probably ever will make in your life. And I wish all four of you God speed and good luck in the future.

Thank you.

Mr. DORNAN. Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman. I just have a couple things I wanted to wind up with, and I would like—these four witnesses, I think each of them have spoken about friends that they have helped while they were actually in the program themselves to encourage them to stay in the program. But have you all had occasion to tell other of your friends about the ChalleNGe Program and encourage them to get into it?

Ms. NORTHERN. Well, I actually heard of the program from one of my friends that had gone, along with my father, and I have told a lot of my friends about the program. Most of them now are too old because I met most of them at college, but a lot of my high school friends I told about the program.

Mr. PICKETT. Thank you.

Ms. WILLIAMSON. I have told a lot of my friends, too, and they went into the program and graduated and are now trying to get into the military and get jobs and do something with their lives.

Mr. PICKETT. Thank you.

Mr. DAUMER. Yes, sir, I have told a lot of my friends, too, and right now I have two of my friends who are at the program right now going through it.

Mr. PICKETT. Good. Thank you.

Ms. BOWERS. I, too, have told a lot of my friends that are starting to head in the wrong direction, and I have told them all the things that the program has done for me. And they see all of that. They have a lot of faith in it, too, and they tend to check out the program and stuff, getting information as of now.

Mr. PICKETT. OK. Thank you.

Mr. Chairman, a number of years ago, when I first started out in the practice of law, which was back about 50 years ago—[Laughter.]

Mr. DORNAN. You weren't chasing ambulances, though.

Mr. PICKETT. One of the things that we would do, I recall taking some cases involving young people, and these would be minor charges of one kind or the other. And in those days, it was not at all uncommon to come into court with your client and the judge would say, Now, you've got two choices, you can go in the military or you can go to jail.

A lot of people got started in military careers that way, and there was nothing ugly about it. It was just the way that the judge recognized that here were people that needed a structured environment. They were not going to get it where they were, and he would either put them in the structure of the local jail, or he would give them the military structure.

Mr. DORNAN. A mean judge would specify the Marine Corps. [Laughter.]

Mr. PICKETT. Now, I just want to ask—I want to change over back to our original panel of witnesses and ask them: Why, in your opinion, should the military be involved in a program providing assistance to youths of this type? Would each of you comment?

Mr. DORNAN. Could we dismiss our young people? Is that what you want to do?

Mr. PICKETT. Well, they can just come up.

Mr. DORNAN. Yes, just come up to that one open mike.

Mr. PICKETT. That is the last question I have to ask them.

Mr. DORNAN. One at a time, if you want to give an opinion.

Colonel BEDWELL. Well, sir, from my perspective—I think I stated it in my opening statement—there is nothing more valuable that I could pass on to a younger generation than the feeling I have about my country.

Second, the experience factor that we have is ideally suited for orienting young people to the right road. That is what we have done for over 200 years, and we do it really well. So it makes sense to me.

And, third, particularly the National Guard, we have a State mission, and that State mission is to support the communities that we represent. And it seems particularly useful that we who are familiar with the local communities are involved with helping to develop those communities' youth.

Those are the three reasons I think the program—

Mr. PICKETT. Thank you very much.

Colonel BEAN. Ditto, sir.

Mr. PICKETT. Colonel Crowson, do you want to add anything, please?

Colonel CROWSON. Thank you. The general image of the military is that of saving the country. We may have two enemies, the enemy that is abroad and the local enemy, internal decay, deterioration from within. This type of program may be better suited for prison officials if it were a punitive program, but it is not a punitive program. It is an intervention program. Young people recognize or associate the military with strength, and the future of our Nation is built on that strength.

Mr. PICKETT. Thank you very much, and, Mr. Chairman, I want to thank you for agreeing to hold this meeting on this program. It is a very important issue, a very important program; in my view, and I think as General Conaway said in his written remarks—that

I would ask be made a part of the record—that nothing is more important to our Nation than securing the future of our young people.

Mr. DORNAN. Well, thank you very much, and I am trying to think if there is any aspect of this we haven't touched. But let me ask the young people in the second row if there was anything any one of them was just burning to get off their minds. Anyone? The others have spoken. Yes? Come to that mike between Ms. Northern and Ms. Williamson and identify yourself.

Ms. LIPSCOMBE. Hello, my name is Shamina Lipscombe.

I would just like to say that I know there is a big problem with not having the money and that if we have the ChalleNGe, we need to have the ChalleNGe in each of the 50 States that it is going to cost even more then. But I would just like to say that ChalleNGe is a great program, and it helps save people's lives. I think a lot of people in the ChalleNGe Program, if they hadn't come to ChalleNGe, half of them would be dead or in jail, as they said.

I just think that it would be a shame to see this program go down the drain. I don't have any suggestions of where the money can come from, but I would just like to ask you all to—anything that you can do—

Mr. DORNAN. Ask us to think very hard on funding sources. What was your name again? And are you thinking of joining the military?

Ms. LIPSCOMBE. Shamina Lipscombe. Yes, sir, I am. I want to join the Army.

Mr. DORNAN. Thank you, Shamina.

Sonny, you can anchor today's proceedings.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

First I would like to ask Mr. Harry Walters just to hold up his hand down there. He is a former Secretary of the Veterans Department, and I asked him to come in. He was a great athlete at the Army academy at West Point, and I appreciate him coming by.

I think one thing we miss sometimes is the National Guard has two missions. It has a mission of the State and it has the mission of support of our military forces. And most of the money, I will admit, for the National Guard comes from the Federal Government. But I really see no problems in this program in that it is a State mission, and when the Federal Government does participate by their funding, it is helping out the State mission, and the States are trying to help out.

Mr. Buyer mentioned that this might hurt readiness. Only one-seventh of 1 percent of the military budget actually goes to this program, so we are not taking that much money away from it. I would hope—again, I will repeat it: I would hope we could continue to fund this program, find other funding; it suits me fine. But give us time and not let this wonderful program go that helped these young Americans. Hold up your hand if you are going to make it from here on it, I would like to ask the young people. You are going to make it, aren't you?

OK. I will quit with that. Thank you.

Mr. DORNAN. All right. Thank you.

We will enter into the record statements from Cadets Shamina Lipscombe, James C. Backus, Crystal Donavant, and Gary Pittman.

Mr. DORNAN. The subcommittee is adjourned. Thank you for your testimony.

[Whereupon, at 5:25 p.m., the subcommittee was adjourned.]

[The following prepared statements and documents were submitted for the record:]

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STATEMENTS

SUBMITTED

FOR THE

RECORD

Testimony offered to the Military Personnel Subcommittee
of the Committee on National Security

Hearing on the National Guard Youth Challenge Program

September 24, 1996

by

Cadet James C. Backus, Class V

Cadet Crystal Donavant, Class V

Cadet Shamina Lipscombe, Class V

Cadet Gary Pittman, Class V



Testimony to the Military Personnel Subcommittee of the Committee on National Security

September 24, 1996

RE: National Guard Youth Challenge Program

Good afternoon, my name is Shamina Lipscombe. I am originally from Richmond, Virginia. I am 17 years old. For the last three years I have been living in Newport News, Virginia. I am here to represent the Virginia National Guard Youth Commonwealth Challenge Program. Located in Virginia Beach, Virginia.

From the age of seven to sixteen my life has been one big obstacle after another. I had to deal with my mother and father's drug addiction. Then I started messing up and making new problems for myself. When I was 14 years old I took my mother's car without permission. As a result of that was placed on probation and house arrest. Later, I was personally introduced to drugs and alcohol. I was also involved with drug-dealers, dealing drugs, and being an accessory to attempted murder. I was a real menace to society and truly a lost cause. My mother was ready to give up on me.

Until one day she came to pick me up from the detention home. She saw a paper about the Challenge Program on a bulletin board. I guess she was willing to try anything. She told me about it and asked me to give it some thought. So I did. And this is how I got into the program.

The reasons for which I came to this program was because I knew that I needed help. My life was not the life I should have been living. I wanted to get my GED in order to obtain success. I also wanted to give back to the community, gain self-discipline, and learn to have integrity. This program sounded like just the thing I needed to help me mature and grow. The

next step was to get my forms filled out I. I went to my pre-screening, took my drug test and the TABE Test.

On my first official day, I got to meet a lot of people with different backgrounds and whom were there for numerous different reasons. The first day was pretty laid back. The next day we left to go to A.P.Hill. It was like basic training in the Army. Those were the roughest two weeks of my life. The sergeants were really strict and didn't give any slack. There I learned to have bearing and self-discipline. I also learned basic drill movements and how to work as a team.

I called home crying and wanting to leave. Thanks to my mother, my peer mentors at Challenge, and my sergeants I stuck it out and hung in there. If I had quit, it would have been the biggest mistake of my life. It was hard watching people struggle just to make it through the day, but it gave me strength.

When it was over, we returned back to Virginia Beach at Camp Pendleton. Things did not change when we returned. I was just more adjusted to being disciplined. I got use to getting up at five o'clock in the morning to do physical training, going to school from 8:00 am to 3:30pm, and going to bed at 10:00pm after a hard days work.

I was then chosen among the first group of cadets to take my GED I took my Pre-GED and then went on to the real thing. I have two weeks to wait to get my results back. I am eager to know whether or not I passed it. If not I will continue attending school, so that I can take it again. If I did pass it, I can go out into the community to work. Since I have made it to a higher phase, I get special privileges. Some of those privileges include getting extra passes on weekends, being able to have a walkman, and being able to wear make-up.

One of my future goals is to enlist in the Army. While waiting to find out if I've been

accepted, I am going to find a job and work. If I do get accepted I am going to complete my 8 weeks basic training, then specialize in auto-mechanics. I am also going to take advantage of all the benefits that the Army offers. Later, I wish to attend an alternate field in cosmetology.

I wish to pursue my dreams of owning an all women's auto shop. I feel that women are often shafted in car repairs or purchasing a car. I would also like to ultimately open a beauty shop to employ young teenagers affording them an opportunity to work and offering them a sense of security. I knew a lot of teenager who have their licenses, they just can't find a place in which they are comfortable to work. I would like to be the one to give them a place to show their talent and make other people feel good.

These are my future goals and I am going to accomplish each and every one of them. I feel as though the Challenge Program is a great place for teenagers. I think that if this program had been around a long time ago, there would be less violence and more positivity in teenagers. There would be more people striving to reach their goals. This program makes parents feel at ease knowing that we are the future generation, responsible and dedicated. I feel as though there should be more programs like Challenge because it really changes peoples lives. I think you can look at me and see the living proof.

Testimony to the Military Personnel Subcommittee of the Committee on National Security

September 24, 1996

RE: National Guard Youth ChalleNGe Program

Good afternoon. My name is, Cadet James C. Backus, from the Commonwealth ChalleNGe, located in Virginia Beach, Virginia. I am seventeen years old, and my hometown is Suffolk, Virginia.

During the previous three years, many things have taken place in my life. As little as three months ago, I was a totally different person. Largely, this was due to the fact that my priorities were so unstructured. I was caught in a viscous trend going nowhere but down. My next step was a detention home, or worse.

It started at Nansemond-Suffolk Academy, a small private school in Suffolk. I was a good student when I wanted to be, but that was seldom. Typically, I came and left as I pleased, got high when I wanted to, and basically did whatever I felt like doing. During the middle of my tenth grade year, they finally had enough and asked me to leave.

My next step was Nansemond River High School. This proved to be one of the more pointless steps taken. The school system tried to help me out, but found it in vain. They saw a kid with a great deal of potential, and many troubles to match. They tried to get me to realize and accept my potential, but I continued to refuse. I was on my own agenda. People constantly told me that I was wasting my life, and making things harder than they had to be. But, that wasn't what I wanted to hear, so I didn't listen. The school system didn't have the time or the resources to waste on a kid determined to throw his life away. Half way through my eleventh

grade year, I was expelled.

I bummed around for a few weeks, and decided to look for a job. My cousin, who owns a small painting company, hired me. He was a real jerk, though it didn't come naturally. He was suffering from the effects of a severe drug problem. His habit had led to many tragedies over the past couple years. He lost his wife, went bankrupt, and lost everything dear to him. This made me start thinking about my steadily increasing and varying drug use.

My co-workers also made a large impression on me. My uncle was one of the men who made the greatest impression on me. He is a sixty-two-year-old man, doomed to work until his death. He preached to me day in and day out that this was no life to lead. He said it leaves you no place to go, and nothing too shoot for. You won't be able to live up to your own expectations of life. When you grow old, and it's time to retire from the rigors of life, you can't for the simple lack of money.

Finally, I found what it took to open my eyes. My cousin helped me realize that drugs were no joke. They had ruined his life, and I was on that same track. Luckily, there was still time for me to get off. My uncle was the key to unlocking my potential. As a young adult, he also had potential, but didn't choose to take advantage of it. I could see, all too well, where he ended up. He was doing manual labor with a kid forty-five years younger than he, yet he still didn't hold any seniority. I didn't want to end up like either of these people, but without a drastic change, I most definitely would have.

My parents were witnessing all of the chaos in my life, but were practically helpless. They knew, better than anyone, my potential. It tore them up to know that I was ruining my life for no apparent reason.

My dad, who is a practicing lawyer in Virginia, decided to seek help for me. Seeing a

physiologist was my first step. This turned out to be a pointless venture. For it to work, I would have had to have told him the truth, and I wouldn't even admit the truth to myself. Needless to say, I stopped counseling. Frustrated, he expressed his concerns to a Judge in the Juvenile and Domestic Relations Court. That is where he heard about the Commonwealth ChalleNGe. After all of my experiences, and the families encouragement, I realized that it was time for a change. We all decided that the Commonwealth ChalleNGe was the best choice available.

Since I've been at ChalleNGe, my life has made an about face. I am now drug free, and plan to stay that way. My parents are proud of me, and my family is showing me more respect than I ever thought possible. All of this has led me to respect myself. As odd as it may sound, this is something new to me. I now have the ability to look anyone straight in the eye, and have nothing to hide. I take pride in my work, and pride in knowing that I am a man who is capable of doing whatever I set out to do.

The Cadre at ChalleNGe are largely responsible for my maturing. During the first two weeks at ChalleNGe, we were at Fort A.P. Hill. This period was called, "Hard Corps ChalleNGe." Here is where I learned self-discipline. After a single day, I realized that doing the right thing was easier than doing the wrong thing and the suffering the consequences. For example, it was easier to stand at attention for five minutes than it was to violate attention, do thirty pushups, and then stand at attention for an additional ten minutes. What does this have to do with life outside of ChalleNGe? Well, it is easier to earn your money than it is to steal it, get arrested, and go to jail for it. It may be like comparing apples to oranges, but the principle remains the same. Once you learn this principle, you will be much better off.

ChalleNGe didn't stop at conditioning our minds though. Physically, I am in the best shape of my life. We have a vigorous daily work out routine. It involves calisthenics, and

usually a run. This is a routine that I plan on continuing long after I graduate from ChalleNGe.

It has taken me quite a while, but I have finally locked onto the importance of academics. I now have the integrity to admit what I must do, and the self-discipline to do it. Recently, I took the General Education Development Test through ChalleNGe, and am confident that I passed. College is the next step I am going to take.

After being at ChalleNGe, I have realized that I thrive in a highly structured environment. This has fueled my desire to attend the Virginia Military Institute. I'm afraid that getting accepted to VMI is going to be as hard as graduating for me, but I'm going to do it. One of the most valuable lessons I learned at ChalleNGe, is that any goal worth reaching, won't be easy to attain. It will just make the accomplishment that much grander.

The Commonwealth ChalleNGe is the best thing that could have ever happened to me. I have learned integrity, and self-discipline. For the first time in my life, I respect myself and others. I am drug free. And I am making my family proud. The Commonwealth ChalleNGe has helped me turn the near disaster of my life around to a life with a myriad of options, which is something that no one else was able to do. I am thankful for this, and I hope the opportunity will be present for other teens in similar predicaments.

I appreciate the time that I have been allowed to express my feelings about the ChalleNGe program.

Testimony to the Military Personnel Subcommittee of the Committee on National Security

September 24, 1996

RE: National Guard Youth ChalleNGe Program

My name is Cadet Crystal Donavant. I am from Danville, Virginia, and I am 17 years old. I am presently a cadet at Virginia's Commonwealth ChalleNGe program. I would like to start off by saying this is the best program for teenagers that I am aware of.

I found out about ChalleNGe through my counselor. I had been dropping out of school off and on for about three years, I was in trouble with the courts, and they were talking about sending me to a group home. My counselor knew I didn't want to go to live at a group home until I was 18 so she proposed the idea of me going to Commonwealth ChalleNGe to get my life back together. I thought it over for about a month before I decided that this program is where I need to be.

Now that I have joined ChalleNGe I know that I was definitely right, this is the place for teenagers to be to get their lives back on track. The purpose of Commonwealth ChalleNGe is to provide a highly disciplined atmosphere fostering academics, leadership, development, physical training, and personal growth to educate and train unemployed high school drop outs.

To tell a little bit about how my life has been I'll start with the fact that I had no discipline and I did what I wanted to do. I was going down road straight to nowhere. At one point I was living on the streets just so I could hang out and act as if I was a grown-up. When I did live at home I only stayed there long to take a shower and eat, from there I went back on the streets. I felt that I was grown and I knew everything so I didn't have to do anything

except what I wanted to do. Instead of going to school I smoked marijuana and consumed alcohol all day, although when I was in school I was a straight A and B student. There was nothing at school that interested me into going and I couldn't find the motivation within myself to make myself go. I went to almost every school in and around the area of Danville, Virginia. My mother tried her best to get me back to doing the right things, but I didn't listen, as I said, I thought I was grown.

I've been arrested several times and I've been in and out of the detention home. I've also had a problem with Depression. My worst problem of all though is with my family. I never got along with my family, They thought of me as an embarrassment because of all the trouble I was getting into. My father and I never had a normal father/daughter relationship until recently. I guess knowing the way I was hurting my family and looking at how my future would turn out is what made me realize, Hey I am going towards a dead end and I need to turn around. I recognized the fact that one day, and one day pretty soon, I will have responsibilities that I will have to take care of and my mother won't be there to bail me out.

Since the first day at ChalleNGe I have learned a lot. I know more about the military now such as marching, drills, etc. I am now in very good physical shape and I've done many things that I didn't think I would ever do. I repelled off of a 60 foot tower at Fort A. P. Hill and I am terrified of heights! I have learned discipline and bearing. I now do what I am told with no questions asked. I now show respect towards people older than me by a way of addressing them as " Yes sir, " and " Yes ma'am, ". That is two words my mother never imagined coming out of my mouth. Another thing I have learned is to go with the flow and control my anger.

I recently took my GED on September the 19 and 20 and I am now waiting for the results. While you are in the program and after you take and successfully pass the GED they

allow you to go off base and volunteer at different work places to get a feel of the work environment.

I am Commonwealth ChalleNGe's class five president and the experience has shown me the different positive strengths and talents that I possess and has taught me that I can be anything I want to be as long as I put forth the effort. I also have attained the motivation that I've been needing to apply myself to the fullest. Another important accomplishment I have made while being in ChalleNGe is that I am now standing in front of Congress in Washington, D. C. giving a speech, which is something a lot of people will never get a chance to do. I have to say I am proud of myself and any teenager who joins this program will take the time out to realize how proud they are of themselves because when you are in ChalleNGe you obtain self-confidence.

Once I graduate the program I want to go on to college to study to be a probation officer. Then I hope to one day move on to be a lawyer. Without ChalleNGe helping me out with the necessities I need I would never be able to follow out my dream as a lawyer but now I believe in myself and I have a whole lot of people backing me up all the way.

ChalleNGe has helped many teenagers get back on the right track. Including me and if the program continues there will be a lot more business men and women out there instead of drug dealers, drug users, etc.

Testimony to the Military Personnel Subcommittee of the Committee on National Security

September 24, 1996

RE: National Guard Youth ChalleNGe Program

Good afternoon. My name is Cadet Gary Pittman. I am from Newport News, Virginia, and I first heard about the Commonwealth ChalleNGe Program from my probation officer.

When I started high school, I had the greatest intentions of doing the best and being the best. I had slightly above average grades, was in honor academic courses, member of the student council association, and was definitely college bound. Apart from the academics, I participated in many after school clubs and played a variety of sports. Out of soccer, track, and cross country track, I was captain of two and a letterman of all. The administration and staff looked upon me as a well-rounded student who was going to be whatever I wanted. On top of being intelligent, I was popular and did not have a problem making friends. I did not have any enemies until I started to socialize more outside of school. The older I got, the more involved I became in attending social events rather than doing what was needed for school. I was hanging out more and more every day. My worries were no longer about how well I did on a test but, more focused on friends and drugs. Eventually, I became extremely lazy and developed the attitude that I did not care anymore. Some mornings I would wake up late for school and decide, why go? I am already late. Finally I dropped out.

After I dropped out, I immediately went to work. The same attitude that assisted me in dropping out of school also helped me in quitting a various number of jobs. As a part of life, I learned that money was one of the major necessities to live. Not having a job while at the same

time having the need for money became a problem. This was when I started to get into legal trouble. I started to sell drugs to make what money I could and stole things to have what others had that I wanted. The more legal trouble I became involved, the more I realized it was time to do something positive before it was too late. The first thing I needed to do was to finish school. Because I could not attend the school where I lived anymore, I tried other various programs. As before, the "I do not care" attitude assisted in my decision making. I knew my probation officer would be able to help, so I asked. This was when I first heard about the Commonwealth ChalleNGe Program. In my mind it was time for immediate change, so I volunteered five months of my time to get my life back on track in a positive direction.

The ChalleNGe Program started its program just north of Richmond at Fort A.P. Hill. Here we spent two weeks, more or less, at a miniature military boot camp dividing those who wanted a change for the better and those that were permanently focused on failure. People tend to think that no one is truly a failure, through experience, those that had the attitude that they did not care any more were not made, but, chose to be the failures. These stubborn few were the ones that quit, if they did not want to be a failure they would have stayed. Fort A.P.Hill helped us combine physical and mental strengths to make the right choices. Here we learned how to act orderly and properly, even when no one is around, which is the definition of self discipline. The majority of the program is preformed at Camp Pendleton, with this being a military program in a military environment, we do have certain guidelines to follow. Overall, these guidelines are the military's way of organization to keep a controlled environment. By doing so, they can more efficiently and more effectively teach us what we need to know as a part of mental development. In addition to the military segment of the program, we spend six hours of the day with qualified teachers, who help us in preparation for the GED. For the most part, everybody is here to get to

their GED. The only difference is the fact that some could have taken it outside of this program and past, they just needed that extra bit of self discipline. While being part of this program my attitude toward life has finally changed, I have found it easier to make the right choices, rather than the wrong ones, and I have been much more self confident than I have ever been in my whole life. This program only helps those who want it, because I wanted it my future has become more pleasant with a wider variety of options in my life. This little bit of educational experience has opened up my mind and I feel that college will do more for me now than ever before.

After graduating this program, I plan to go to college and major in Architectural Design and Drafting and minor in Business Administration. I also plan on joining the Virginia Air National Guard to help with the financial needs during my college life. If I did not come to this program, I seriously believe that, at this moment, I would either be doing something illegal, in jail, or dead. As an eighteen-year-old, this was my last chance to start over and try to create a new life with more positive accomplishments. Thank you for your time and when it comes time to make a decision, remember how this program has helped me, as an individual, and what it could do for many others like myself.

Measuring Efficacy With The Problem Behavior Inventory

The problem Behavior Inventory was designed as a screening tool for clinical counseling. Counselors check each of the 225 problems which apply to them. The Thunderbird Youth Academy administers the test 2 days after the cadets arrive (pre-test) and again during the last week of the program just prior to graduation (post-test).

Post-test results have shown dramatic drops in many areas and indicate a vast improvement self-perception.

1. In Academic Problems cadets checked 37.2% of the items in this category on the average and only 15% going out. Attainment of the G.E.D., and in some cases college credit, is a key factor.
2. Parent-Child problems were reduced from 19.3% to 9.5%. Obviously reconciliation is taking place in the families.
3. The number of drug abusers fell from 192 to 76 (60.42%)
4. Total problems checked fell from 44.56 to 31.10 (30.2%)
5. Gang membership fell from 41 coming in to 10 going out.

Attached you will find an overview of the PBI Pre & Post-Test results.

About The Problem Behavior Inventory

The Problem Behavior Inventory was designed as a screening tool for clinical counseling. Counselors read a list of 225 problems and check the ones they think pertain to them. The out-side cover of the PBI contains the 225 "Client reported problems." Items checked on the outside are transferred to an automatic scoring sheet contained inside. When the counselor finishes, the counselor removes the perforated side of the PBI and removes the automatic scoring sheet which shows the Client-reported problem, suggested symptom and a suggested DSM-III-R Category. In a clinical situation, the counselor would use the PBI screening results to determine the need for further in-depth psychological testing and to determine the nature of the diagnostic interview(s).

The Youth Challenge Program is not a counseling program and is not designed to provide therapy. However, the program itself was designed in such a way that the individual components (Education, Counseling, and Operations) combine to form a highly therapeutic setting which is effective in treating the problems (disorders) that make up the typical profile of the high school drop-out.

It should be noted up front that the PBI is not a psychological test and its results are not used in making an official diagnosis. The counseling staff of TYA uses the PBI results for the following:

1. The counseling staff gains instant insight as to the problem areas of individual cadets. Problems can be addressed as an individual item or as a category. Time does not allow for extensive data gathering interviews.
2. Counseling staff can provide valuable input for Education, Operations, Recruitment/Placement and Nursing for the benefit of the cadet. All departments are better able to "handle" the cadets on an individual basis. This is done in a highly confidential manner.
3. The Challenge Program was designed for cadets that are physically and mentally capable of completing the program. Severe mental problems indicated by the PBI are followed-up by more in-depth testing (MCMI, Beck Depression Scale, etc.). Cadets who are "hearing voices" or showing strong suicidal tendencies, etc. are not suited for the program. Early intervention is the best for everyone involved.
4. The PBI is administered during the first and last weeks of the program to help measure the program's efficacy in addressing specific problem areas. The PBI was not designed for numeric scoring, but a numeric rating can be established by calculating the average percentage checked in each category by the class as a whole or with each individual cadet. Theoretically, the post-test score should be lower than the Pre-test score. Drops in individual scores are often much more dramatic than those indicated by the class as a whole.
5. The PBI is a research tool which helps establish the typical profile of the clients participating in the program. Program components can be modified and refined to meet the typical needs of the TYA cadet. Increases in category scores on the Post-test may indicate the need for changes in Operation's Command & Control, Education's curriculum, or Counseling's methods.

Southern Governors' Association



Chairman, George A. Bon
Governor of Virginia

Executive Director, Elizabeth G. Schneider

First Vice Chairman, Pedro Rosselló
Governor of Puerto Rico

Second Vice Chairman, Don Sundquist
Governor of Tennessee

Resolution Regarding the National Guard Youth ChalleNGe Program

Sponsored by Governor Zell Miller of Georgia, Governor Kirk Fordice of Mississippi and Governor Pedro Rosselló of Puerto Rico
Approved September 10, 1996
Southern Governors' Association's 62nd Annual Meeting
Kansas City, Missouri

Whereas, America's youth – our nation's greatest asset and hope for the future – are dropping out of high school at the rate of one young person every fifteen seconds;

Whereas, These "at-risk" youth are unlikely to find employment other than menial labor, and therefore their lack of education burdens the business and industrial community by slowing economic growth and their productivity;

Whereas, Four years ago, eleven (11) states across the nation, along with the National Guard as part of their community mission, established and implemented a highly successful pilot program to help these "at-risk" youth acquire essential life skills, job skills and a General Educational Development diploma;

Whereas, Youth ChalleNGe, through its military-style residential environment, offers at-risk youth not only a second chance to complete their formal education and to become physically fit, but a controlled atmosphere that allows them to develop the self-discipline needed to maintain fundamental lifestyle changes that will ensure their future successes;

Whereas, The National Guard Youth ChalleNGe Program is unique in that it focuses on at-risk males and females, ages 16-18, who have proven themselves to be free from involvement in the criminal justice system, drug free and who have shown the necessary drive to complete their education and become contributing members of society;

Whereas, Youth ChalleNGe graduates have proven not only highly employable, but a high percentage of these students choose to continue their education at vocational technical institutions and within the college/university systems, and many join the U.S. Armed Forces to serve their country;

Whereas, The funding of this program – now provided by federal funds allocated through the Department of Defense to support the National Guard's community mission to participate and to support local, state and national programs that add value to America – faces possible deletion from the federal budget; and

Hall of the States • 444 North Capitol Street, N.W. • Washington, D.C. 20001 • 202/624-5897 • Fax 202/624-7797

Alabama • Arkansas • Delaware • Florida • Georgia • Kentucky • Louisiana • Maryland • Mississippi • Missouri • North Carolina • Oklahoma • Puerto Rico • South Carolina • Tennessee • Texas • U.S. Virgin Islands • Virginia • West Virginia

Whereas, The discontinuance of funding will ensure the demise of the National Guard's Youth ChalleNGe Program and will remove a proven, successful opportunity to produce thousands of educated, highly motivated and productive young adults nationwide; now, therefore, be it

Resolved, That the Southern Governors' Association pledges full support for the efforts to seek continued funding for the National Guard's Youth ChalleNGe Program;

Resolved, That a legislative mechanism should be developed at the federal level to produce necessary funds for the continuation of Youth ChalleNGe and the furtherance of its inherent mission; and

Ordered, That this resolution shall be dispatched to the President of the United States, the Vice President of the United States, the Secretary of Defense and appropriate Members of Congress and congressional committees, including the southern delegation.



COMMONWEALTH CHALLENGE
P.O. BOX 7510
CAMP PENDELTON
VIRGINIA BEACH, VIRGINIA 23458-7510
1-800-796-6472

**Virginia's
Commonwealth ChalleNGe**

I. Program Summary

Commonwealth ChalleNGe is an superb example of a well managed, cost effective federal and state partnership that provides considerable bang-for-the-buck by recovering at-risk high school dropouts and turning them into self-disciplined, highly motivated, contributing members of American society. Commonwealth ChalleNGe employees are among the most dedicated, competent, and productive civil servants in the nation. Since their program's birth in July of 1994, these professionals have changed the lives of hundreds of Commonwealth ChalleNGe graduates and will--if funding continues--change the lives of thousands more. The dropouts rescued by the program have developed the attitudes, behavior patterns, coping skills, job skills, and educational tools to lead productive lives instead of facing futures rife with poverty, delinquency, drugs, and incarceration.

II. Program Mission

The mission of Commonwealth ChalleNGe is to provide a highly disciplined atmosphere fostering academics, leadership development, physical training, and personal growth to educate and train unemployed high school dropouts. The program especially works with its students to develop their self control, improve their personal behavior, develop a sense of community responsibility, and find non-violent ways to resolve conflicts.

III. Program Background

Commonwealth ChalleNGe is a federally-funded, state-managed high school dropout recovery program sponsored by the Virginia National Guard. In 1992, Congress authorized and directed the National Guard, as an integral element of over 3200 communities nationwide, to develop and implement a pilot program to aid high school dropouts in becoming productive citizens. Ten states were initially selected to begin the program--called ChalleNGe--during fiscal year 1993. Individual states were responsible for selecting students and staff for their own programs, however all states followed a basic curricular outline developed by the National Guard. In July 1994, after Governor George Allen signed an agreement with the Department of Defense, Virginia became one of six "new" states added to the pilot program. The first Virginia Commonwealth ChalleNGe class began at the State Military Reservation in Virginia Beach on September 10, 1994.

IV. Program Basics

Twice each year, Commonwealth ChalleNGe selects up to 120 volunteer dropouts to enroll in its 5-month residential program. Students who complete this residential program return to their home communities and are assigned mentors to follow their progress and provide guidance for an additional 12 months. To participate in the program, applicants must be between 16 and 18 years of age and enter the program before their nineteenth birthday. They must be classified by the Virginia Department of Education as an official high school dropout. They must be a citizen of the United States or a resident alien, and they must live in Virginia. Applicants must be unemployed. They must be currently drug free, although past use of drugs or a history of drug abuse is not a disqualifier. They must be physically and emotionally capable of completing the rigorous activities of the program. They must be free of any legal entanglements; specifically, applications are not accepted from youths who are currently indicted or awaiting trial on any charge, youths who are on parole or probation for any conviction except juvenile status offenses like truancy or curfew violation, or youths who have been convicted of a felony. Most important of all, prospective cadets must ask to enter the program; only volunteers are accepted.

Although the residential program presents a distinctly military look and feel, Commonwealth ChalleNGe is not a boot camp. Students are provided with uniforms, sleep in open bay barracks, eat in a military-style dining facility, and receive a small weekly living allowance. Military organization, drill, and ceremonies are used as the framework around which its whole-person curriculum is structured. Although cadets are grouped into sexually segregated platoons and remain separated for most activities, the program is identical for both males and females. Student schedules are highly structured and very full. A typical weekday begins with reveille at 5:30 am. Cadets spend approximately thirty minutes doing physical training and have an additional hour to clean themselves and their barracks. Following morning formation at 7:00, they march to the dining facility, eat quickly, and begin four hours of academic classes that incorporate job skills, life skills, and citizenship development as well as GED preparation. Afternoons are spent in physical or health education classes and in leadership training or teamwork activities. After supper, cadets enjoy about two hours of personal time to do homework, talk, write letters, or, perhaps, watch television before preparing for bed. Lights are turned out at 10:00 pm. Weekends are just as active as weekdays. Saturday and Sunday schedules include time for additional barracks clean-up, community service projects, team athletic competition, outdoor adventure training, religious services, and field trips to libraries, museums, amusement parks, or the beach.

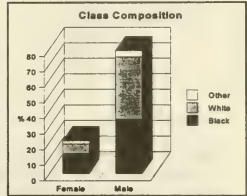
Upon completion of the residential program, Commonwealth ChalleNGe students return to their home communities and—under a 12-month mentorship—continue their education, begin vocational training, and/or enter full-time employment. Students receive a stipend to assist in accomplishing this objective.

V. Program Effectiveness

Commonwealth ChalleNGe continuously monitors and evaluates program effectiveness against a variety of internally identified goals in several areas: Staff Diversity and Training; Financial Management; Cadet Recruitment, Selection, and Retention; Cadet Education; Cadet Development; Cadet Safety; and Post-Residential Success. Some of the most important indicators of effectiveness are:

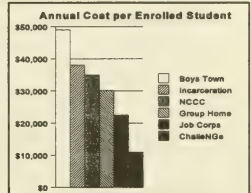
Class Composition:

Goal - *Class composition will reflect the state's high school dropout population and will be ethnically and sexually diverse.* Program enrollment (average of 105 per class) has reflected the state's population of at-risk dropouts. Approximately 48% of the program's students have been black, 46% white, and remaining 6% Hispanic, Asian, or Native American. About 20% have been female and 80% male.



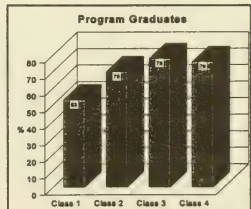
Cost Effectiveness:

Goal - *The program will develop and execute conservative budgets that minimize cost to the taxpayer.* Annual cost per enrolled Commonwealth ChalleNGe cadet (\$10,996) is significantly lower than alternative programs or incarceration.



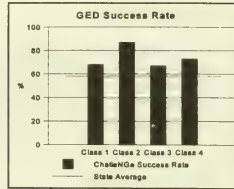
Graduation Rates:

Goal - *80 cadets will graduate from each residential phase.* The program has not yet reached this goal.

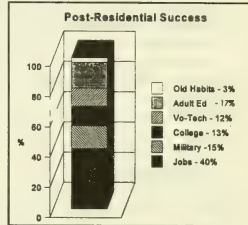


GED Achievement:

Goal - *The program will maximize the number of cadets who earn a GED diploma. 74% of program graduates have earned a GED diploma. This substantially exceeds the average GED diploma success rate in Virginia adult education programs of 58%.*

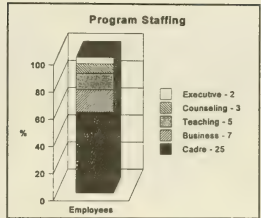
Graduate Placement:

Goal - *The program will encourage the success of its graduates in the post-residential phase by facilitating their placement in jobs and educational, vocational, or technical training programs. 97% of the program's 277 graduates have turned their lives around and are well on the way to becoming contributing and productive members of society.*



VI. Program Staff

A staff of forty-two state employees is needed to conduct the program. Although there is no requirement for employees to belong to the National Guard, some do. Many others are retired service members, or members of the Army, Navy, or Marine Corps Reserves. A Program Director and Deputy Director set policy, develop goals, plan for the future, and direct operations. The Director is a Colonel in the Virginia National Guard, holds a doctorate in education, and has over thirty years of public education experience. The Deputy is a retired Army officer who has also earned a doctorate in education. The teaching staff all hold bachelor's or master's degrees and are certified to teach in Virginia public schools. The members of the counseling and business staffs have education, training, and certifications commensurate with their positions. The cadre--those employees who provide round-the-clock supervision of the program's cadets--all have extensive military backgrounds. Most have completed a wide variety of military, leadership, and instructor training courses. Some have degrees in counseling, psychology, education, or related fields.



Staff professional development is actively promoted. When possible, work schedules are arranged to allow staff members to attend college. Currently, three employees are pursuing graduate degrees in human resources development or counseling, and four individuals are taking undergraduate courses. A strong in-service training program is in place. Bi-weekly classes are held during each residential phase and week-long sessions are conducted between them. Topics have included Defining At-Risk Youth, Discipline with At-Risk Youth, Dysfunctional Family Dynamics, Crisis Resolution, Verbal Intervention Techniques, Developing Self-Esteem, Managing Disruptive Students, and Cardio-Pulmonary Resuscitation. Classes are taught by the Program Counselor, the Virginia Beach Child Protective Service, DePaul Hospital, the American Red Cross, and Norfolk State University. The Commonwealth Challenge team is well-prepared to implement the program's curriculum.

HOW CAN YOU GET MORE INFORMATION?

Ask your high school
counselor or principal.

Visit the nearest National
Guard Recruiter.

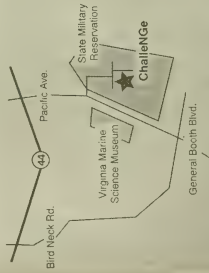
Call us at:
1-800-796-6472
804-491-5932/5933

DO YOU
WANT
A
SECOND
CHANCE?

Sponsored by
Department of Military Affairs,
Commonwealth of Virginia

WHERE IS CHALLENGE?

The school is located at
the State Military
Reservation (SMR) in
Virginia Beach on General
Booth Blvd. across the
street from the Virginia
Marine Science Museum.



Commonwealth Challenge
PO Box 7510
Virginia Beach, VA 23458



HIGH SCHOOL
DROP-OUT?

- ★ Are you 16-18?
- ★ Are you drug-free?
- ★ Are you a Virginia resident?

If you answered yes to these questions and...

you are not awaiting trial on criminal charges,

you are not on probation or parole, and

you have never been convicted of a felony offense,

CHECK OUT WHAT WE OFFER

WHAT'S IN IT FOR YOU?

- ★ Room, board, and allowance
- ★ A GED and self-discipline
- ★ Money for further education or training.



Graduation Day

WHAT'S IT LIKE?

We are a 21 week military school sponsored by the National Guard that teaches GED subjects, life and job skills, physical education, and teamwork.

Classes include computer time, field trips, and adventure training.



Helicopter Flights



Program Overview

What Is Commonwealth Challenge?

- Federally funded,
- State managed,
- Program for high school dropouts,
- Sponsored by the Virginia National Guard.

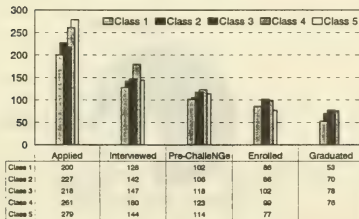
What Are The Program Goals?

- Provide values, skills, education, and self-discipline.
- Instill desire to continue self-improvement.
- Integrate graduates into community.
- Mentor graduates after graduation.

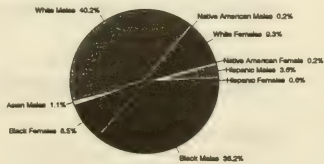
Who Is It For?

- 16-18 year old volunteers who are
- Officially out of school and are
- Drug-free with
- No current legal problems.

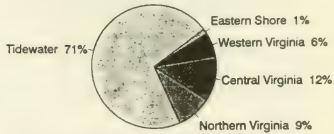
How Many Attend?



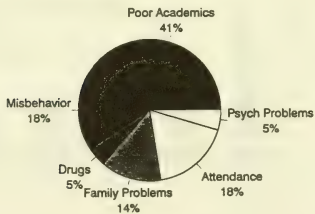
Who Has Enrolled?



Where Are They From?



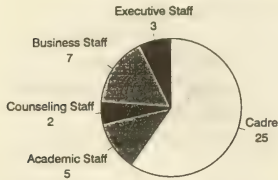
Why Did They Leave High School?



How Do We Teach Them?

- Residence (State Military Reservation):
 - Military model
 - Continuous Supervision
 - Highly structured environment
- Follow-on Mentoring

Who Teaches in Residence?

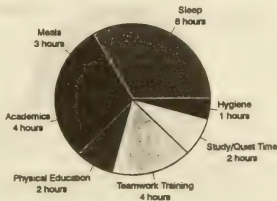


Total Staff of 42

What Do We Teach Them?

- Academics
- Physical Fitness
- Health
- Citizenship
- Life Coping Skills
- Job Skills
- Leadership and Followership
- Community Service

What's in a Cadet's Day?



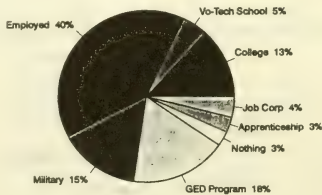
Community Service & Work Projects

- ✓ Sugar Plum Bakery
- ✓ VA Beach Public Library
- ✓ Sea Shore State Park
- ✓ VA Marine Science Museum
- ✓ Operation Blessing
- ✓ Adopt a Highway Program
- ✓ SPCA
- ✓ Camp Pendleton Post Projects

And When They Graduate?

- 12 month's of mentorship
- Stipend money

How Are They Doing?



BOSTON PUBLIC LIBRARY



3 9999 05903 696 0

Community Service & Work Projects

- ✓ Sugar Plum Bakery
- ✓ VA Beach Public Library
- ✓ Sea Shore State Park
- ✓ VA Marine Science Museum
- ✓ Operation Blessing
- ✓ Adopt a Highway Program
- ✓ SPCA
- ✓ Camp Pendleton Post Projects

And When They Graduate?

- 12 month's of mentorship
- \$1000 money

How Are They Doing?

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